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**AN ECONOMIC DEVELOPMENT
ASSESSMENT OF THE
SAVANNAH VALLEY AUTHORITY**

**Prepared for the
House Ways & Means
Committee**

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**Prepared by
The South Carolina State Development Board
June, 1993**

EXECUTIVE SUMMARY

Since fiscal year 1977-78, the Savannah Valley Authority's net expenditures have exceeded \$20 million. Land and infrastructure development projects have accounted for more than 70% of the total. The remainder of funds have been allocated to financial incentive and grant programs which promote industrial and commercial development.

The land and infrastructure development projects involve properties in McCormick and Abbeville counties. These properties are adjacent to the federally operated Lake Thurmond and Lake Russell reservoirs. In addition, the agency's grant and incentive programs have involved projects in five counties. In total, SVA is authorized to operate within all portions of the 13 counties located within the Savannah River Basin.

Overall, each of SVA's major programs is authorized within the agency's current enabling legislation. However, each of SVA's major program areas is very different in terms of effectiveness, the dollar amount of state investments to date, and economic development benefits.

Savannah Lakes Village

Project Description: A 3,987-acre residential development project on the Lake Thurmond shoreline in McCormick County. The State provided a private developer with a \$5 million incentive to own and operate the development. Property sales began in 1989. Initial planning activities on the project began in 1971.

Is the Program Effective?: The results to date are mixed. On one hand, between 1989 and 1992, 280 new jobs and \$1.3 million (cumulative) in local tax revenues were generated on the Savannah Lakes Village properties. However, the "indirect" or "spin-off" economic activity generated by the project has been modest.

The "spin-off" activity generally occurs when new workers, residents and visitors spend a portion of their incomes in the local community. Yet, in McCormick County, retail sales grew at a pace that was below the state and regional averages between 1988 and 1992 and employment gains were also modest.

Overall, the community wide economic benefits will not accelerate appreciably until McCormick develops a stronger base of retail, wholesale and service business to serve Savannah Lakes Village residents, visitors and employees.

State's Net Investment to Date: \$10.0 million, including \$4.5 million in raw land costs. Overhead, personnel and contractual costs accounted for approximately 32% of SVA's gross expenditures on the project.

Return on Investment: Between 1989, when property Savannah Lakes Village property sales began, until the end of 1992:

- 280 new jobs were created on the Savannah Lakes Village properties with an average compensation of \$17,900. Construction and sales accounted for approximately 177 of the 1992 jobs, while the more permanent administrative and service functions accounted for 103 jobs.
- Approximately \$1,300,000 in new local tax revenues were generated, including \$1,156,000 in new real property taxes.

Lake Russell Project

Project Description: A mixed-use (commercial/residential) development on both SVA-owned and federal leased lands. Lease negotiations with the federal government are in progress. Properties are adjacent to Lake Russell in Abbeville County. Physical development of the property has not yet begun. Planning for the project began in 1978.

Is the Program Effective?: Although approximately \$3.9 million has been spent to date on the project, SVA has yet to produce a coherent and comprehensive master plan for land development, financing and marketing. Until a viable master plan is developed, it is not possible to estimate the viability or future economic impact of this project. A recently completed report, produced by The Fontaine Company, briefly outlined development recommendations for one geographic section of the Lake Russell property, and it did not constitute a comprehensive project design.

State's Net Investment to Date: Based on preliminary information from SVA, total costs to date of this project may approximate \$3.9 million. SVA had not allocated all costs to this project at the time of this report. However, approximately \$919,000 of these funds were used to purchase land.

Once all costs are allocated, overhead, personnel and contractual expenses are expected to account for well over 75% of the state's total expenditures on the project. By comparison, 32% of the Savannah Lakes Village's gross expenditures were allocated to overhead, personnel and contractual expenses.

Return on Investment: At this stage, no economic activity has been generated by this project.

Regional Water/Wastewater Infrastructure Development

Project Description: SVA-funded water/wastewater engineering studies and related projects in McCormick, Abbeville, Anderson, Greenwood, Edgefield, Saluda and Aiken counties.

Is the Program Effective?: The success of these projects will be demonstrated once affordable and efficient regionalized facilities are funded, constructed and operating efficiently. SVA is currently laying the groundwork. SVA has examined numerous options for regional systems, and not all of these options are cost effective.

State's Net Investment to Date: \$148,000 for engineering studies and related work. In addition, SVA paid \$375,000 to the SC Water Resources Commission (WRC) to develop a computerized hydrology model of the Savannah River Basin. The project has not been completed.

Return on Investment: Additional water/wastewater capacity is a critical factor in the full development of the Savannah Lakes Village and Lake Russell projects. Therefore, the future economic impacts from SVA's water/wastewater investments will be primarily linked to the success of SVA's land projects. However, additional water/wastewater capacity could also stimulate other non-SVA development projects which have moderate to heavy water and/or sewer requirements.

Financial Incentive, Grant and Community Development Projects

Project Description: Four program areas are examined --

- Two SVA financial incentive funds have provided financing for direct loans to companies, favorable lease arrangements and building renovations.
- SVA has also provided funds for an incubator/technology center near Clemson University.
- The Legislature provided \$2.7 million in "pass through" funds for an industrial park in Hampton County.
- SVA has provided local communities with assistance related to industrial development, strategic planning, tourism promotion and cultural development activities.

Is the Program Effective?: The financial incentive and grant programs duplicate services available through other State and regional organizations. In addition, 80% of the financial incentive and grant funds have been allocated to several of the state's most affluent counties. However, SVA has used its incentive and grant programs to leverage agency funds with other public and private funds to create jobs.

State's Net Investment to Date: The following table summarizes the expenditures to date, funds available, and the unspent balance of funds in each of four incentive/grant program areas.

| | Total Funds Expended | Total Funds Allocated | Unspent Balance |
|--|-------------------------|--------------------------|--------------------|
| Financial Incentive Funds | \$2,126,000 | \$5,846,000 | \$3,720,000 |
| Grant for Technology Center | 300,000 | 300,000 | -0- |
| "Pass Through" Funds for Lowcountry Industrial Park | 2,700,000 | 2,700,000 | -0- |
| Community Support Programs | 393,000 | 393,000 | -0- |
| Total | \$5,519,000 | \$9,239,000 | \$3,720,000 |

Activity in the incentive funds has been suspended pending a legislative determination on the agency's future funding. SVA management has indicated that all or a portion of the balance in these loan funds may be used in the future for general agency operating expenses.

SVA provided \$300,000 in grants to support the Center for Applied Technology near Clemson University. However, the SVA Board of Directors recently voted not to provide further funding for the center.

In a 1992 bond bill, the Legislature allocated \$2.7 million in "pass through" funds from SVA to support a multi-county industrial park in Hampton County. Because these were legislatively mandated "pass through" funds, SVA had no management control or discretion in the use of these funds. No future SVA expenditures related to this project are currently anticipated.

Approximately \$393,000 has been spent on community support activities. With the exception of the growth strategy planning program, which is funded through private sources, these programs have been scaled back until the agency determines its level of State funding.

Return on Investment: SVA has provided loans and financial incentives to four companies which employ 228 workers with annual payrolls of \$4.8 million. SVA also provided funding to the Center for Applied Technology, where seven early-development, research-oriented companies employ 116 workers generating \$4.3 million in annual payrolls.

However, these jobs are not solely attributable to SVA's investment. SVA has contributed less than one-third of the funds invested in the incentive projects where it has participated.

The agency's community support programs have focused on improving the quality of life in McCormick and western Abbeville counties to enhance opportunities to attract new residents, tourists and new industry.

SUMMARY OF FINDINGS, STATE INVESTMENTS AND BENEFITS

| Program | Net Investment By the State | Program Benefits and Summaries |
|---|---|---|
| Savannah Lakes Village | <p>\$10.0 million, including \$4.5 million in raw land costs.</p> <p>Operational, personnel and contractual expenditures are approximately one-third of total expenditures.</p> <p>The state also has committed \$20 million in loans to the project.</p> | <ul style="list-style-type: none"> ● 280 new jobs on the SLV properties with an average wage and salary compensation of \$17,900. ● \$1.3 million in new local taxes between 1989 and 1992, including \$1.1 million in real property taxes. ● "Indirect" economic benefits, created by spending by SLV residents, visitors and employees, have been less than anticipated. <p>Summary: Most of SVA's work on this project has been completed; however, critical issues remain, such as water/wastewater development and building a base of local businesses to serve SLV residents, visitors and employees.</p> |
| Lake Russell Project | <p>\$3.9 million (preliminary), including \$919,000 in land costs.</p> <p>Operational, personnel and contractual expenditures are over 75% of total expenditures.</p> | <ul style="list-style-type: none"> ● Too many questions remain at this early stage of development to assess the project's viability and benefits. SVA has not developed a comprehensive project design. <p>Summary: More extensive land-use, marketing and financial plans are essential. Developing local water/wastewater infrastructure is also an important issue.</p> |
| Regional Water/Wastewater Infrastructure | \$533,000. | <ul style="list-style-type: none"> ● SVA paid \$148,000 for engineering studies and related work. ● Also paid \$375,000 to the SC Water Resources Commission to develop a computerized hydrology model of the Savannah River Basin. <p>Summary: Developing cost-effective water/wastewater solutions is critical to the full development of the SLV and Lake Russell projects.</p> |
| Financial Incentive, Grant and Community Development Programs | <p>Total expended: \$5.7 million.</p> <p>Total authorized: \$9.4 million.</p> <p>Balance in two financial incentive funds: \$3.7 million.</p> | <ul style="list-style-type: none"> ● SVA financial incentives and economic development grants have been used to leverage other public and private funds. For example, SVA contributed one-third of the \$6.1 million in public and private funds invested in four industrial/commercial projects. ● In programs where SVA has participated, 344 new jobs were created. <p>Summary: 80% of SVA's incentive/grant funds were allocated to projects in the region's most affluent counties, and the SVA programs duplicate other State and regional programs.</p> |

I. INTRODUCTION

In a letter dated March 4, the House Ways and Means Committee requested the State Development Board's assistance in providing "a study of the effectiveness of the Savannah Valley Authority (SVA) in accomplishing its mission, specifically as it relates to the projected costs and benefits to the local economy of the projects developed."

Based on the request from the House Ways and Means Committee, the State Development Board has prepared this report which focuses exclusively on economic development-related issues. Each of SVA's four major program areas are examined:

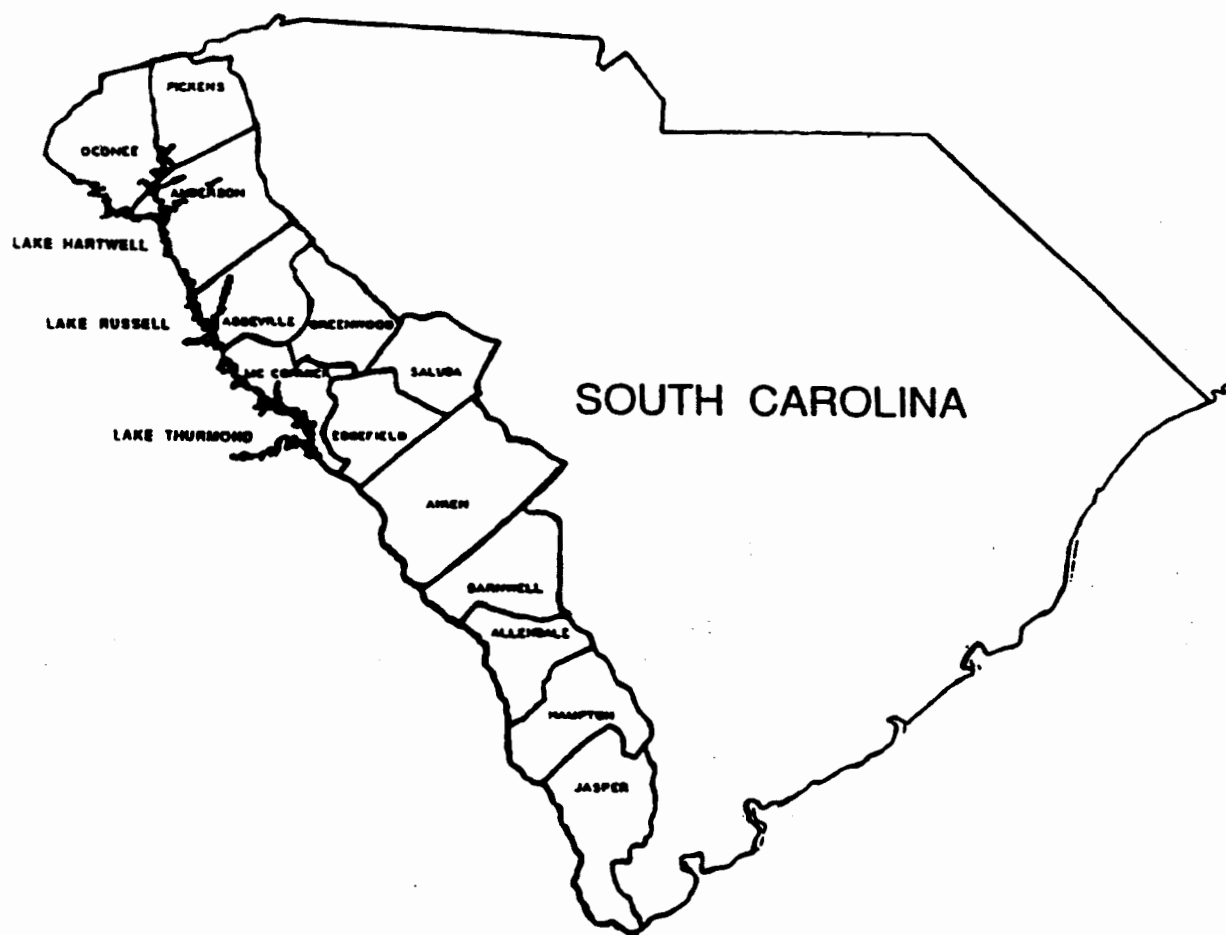
- The Savannah Lakes Village Project -- A recreational/residential development project in McCormick County.
- The Lake Russell Project -- A mixed-use land development project in Abbeville County.
- Regional Infrastructure Projects -- Planning and engineering studies to promote the development of regional water/wastewater solutions in Abbeville, McCormick, Anderson, Greenwood, Edgefield, Saluda and Aiken counties. These projects are necessary to support the successful development of the Savannah Lakes Village and Lake Russell projects.
- Economic Development Incentives and Grants -- These include a variety of financial incentives and grants used to promote industrial and commercial development within the region. SVA financial incentive and grant programs have been awarded to organizations in 5 of the 13 counties within the SVA service area.

By statute, the SVA's service area includes all portions of the 13 counties within the Savannah River Basin (see map on the following page). More detailed information on the statutes defining SVA's service area and the agency's mission is presented in Appendix II.

Overall, this study focuses on the economic development costs and benefits of SVA programs during the period starting in fiscal year 1976-77 and ending in the third quarter of fiscal year 1992-93 (March, 1993).¹ From an agency program standpoint, fiscal year 1976-77 was selected as the base year for this study primarily because the Authority signed its first agreement to lease federal lands during this year. This marked the agency's transition from pure planning activities into more development-oriented activities.

1. Total agency expenditures from 1971-72 -- when SVA was reauthorized by the Legislature -- until fiscal year 1975-76 were \$297,367. Approximately 65% of expenditures during the five-year period were for contract services, including funds for an Environmental Impact Statement, a site master plan and a development proposal for lands which were eventually leased along the Clark's Hill reservoir. These contractual services are not addressed in this report.

THIRTEEN COUNTIES IN THE SVA SERVICE AREA



Since 1977-78, net SVA expenditures have exceeded \$20 million. The land and infrastructure projects have accounted for more than 70% of net expenditures. Financial incentive and grant programs have accounted for the remainder.

Each of SVA's major programs are authorized within the agency's current enabling legislation. However, each of SVA's major program areas varies significantly in terms of its costs and economic development benefits. The costs/benefit of SVA's each major program area is examined in the following sections.

II. COSTS/BENEFITS OF THE SAVANNAH LAKES VILLAGE PROJECT

Savannah Lakes Village (SLV) is a recreation-oriented residential community established in 3,987 acres of woodlands adjacent to the Lake J. Strom Thurmond reservoir in McCormick County. Actual physical development of this project began in 1988 and property sales began in 1989.

In 1987, the Savannah Valley Authority signed an agreement-in-principle with Cooper Communities, Inc., (referred to as "Cooper Communities" hereafter) to serve as the sole developer and primary marketing agent for the SLV project. Cooper Communities is a private development company headquartered in Bentonville, AK. The company, which was founded in 1954, has specialized in developing recreation and retirement-oriented residential communities.

As an economic incentive, SVA sold the Savannah Lakes Village properties to the developer in 1988 for approximately \$5 million less than the agency's total cost of raw land plus related capital expenditures.²

SLV consists of 3,159 acres, which the Savannah Valley Authority purchased from the federal government in 1986, plus approximately 800 acres of adjacent private property purchased by Cooper Communities. A comprehensive and well detailed Master Plan for development of all SLV properties was developed by Cooper Communities in cooperation with the Savannah Valley Authority.

The Master Plan, which was completed in 1988, specifies the following elements:³

- 5,100 to 6,300 single-family lots,
- Townhomes/condominiums,
- Infrastructure to the residences and SLV facilities, including roads, water/sewer, electric power, telephone service and cable television service,
- 80-room lodge,
- Restaurant,
- Public marina,

-
2. SVA sold the SLV properties to Cooper Communities in exchange for a zero coupon U.S. Treasury bond with a present value of \$1.7 million in 1988. SVA cost for the raw land was \$4.4 million with related capital expenditures of approximately \$2.3 million.
 3. In the original "Land Purchase and Development Agreements" between Cooper Communities and SVA, Cooper agreed to build an 18-hole championship golf course (at a cost not less than \$1.5 million), a golf club house (at a cost not less than \$750,000), and a recreational center (at a cost of not less than \$1,000,000). The recreational center is scheduled for construction once 2,500 residential lots have been completed. Based on the development agreement, all three of the recreational facilities were to be conveyed to the Savannah Lakes Village Property Owners Association once they were completed.

- Neighborhood boat docks,
- Golf course,
- Tennis courts,
- Recreation center, and
- Commercial/office space.

As of December 31, 1992, 1,770 lots including 56 single-family homes were sold. Twenty of 30 available town homes were also sold. A total of 2,478 lots, furnished with the necessary infrastructure, were completed. In addition, the lodge, restaurant, Cooper offices, a village store, public marina, golf course, tennis courts and four neighborhood boat docks were also completed.

Cooper Communities also provided seven acres for a county-owned nursing home facility, which was opened in 1989. Cooper Communities has also reserved acreage for a more comprehensive health care facility.

Cooper Communities estimates that all 5,100-5,600 homesites will be sold by the year 2000. At that time, projections indicate that approximately 1,000 residences will have been constructed and sold. Full "build out" of the property is projected to continue over 30 or more years.

Cooper Communities marketing activities have resulted in more than 23,000 family visits in the four-year period ending in 1992. Cooper's marketing activities are primarily focused on attracting prospective property owners from Michigan, Illinois, Pennsylvania, Virginia, Ohio, Indiana, Georgia, North Carolina and South Carolina. Residents from states other than South Carolina have accounted for more than 72% of Cooper's property sales in the last two years.

The Savannah Valley Authority has completed a large portion of its work on the SLV project. The SVA's primary remaining duties are related to the on-going financing of SLV infrastructure. This includes coordinating the annual bond financing draw request, which cannot exceed \$3.5 million annually.⁴ This further requires coordination among McCormick County, the South Carolina Treasurer's Office and the various attorneys involved with the project. SVA is also the county's project representative on oversight of infrastructure at Savannah Lakes Village.

Moreover, SVA's involvement in developing a long-term solution for Savannah Lakes Villages' wastewater requirements will be a critical success factor. Current engineering studies indicate that, given a series of proposed improvements to the existing McCormick wastewater facility, capacity should be available for 950 homes. This should be sufficient to handle residential SLV development until 2003-2005. Consequently, a permanent long-term solution to SLV wastewater requirements will need to be in place well before the year 2000.

⁴. The original agreements between the McCormick County and Cooper Communities call for Cooper Communities to receive a prescribed amount of compensation for each residential and commercial unit which is served by infrastructure and roads constructed by Cooper. Annual compensation is not to exceed \$3.5 million. The State funding mechanism for compensating Cooper is explained in footnote number 6.

A. Net SVA Investment

Net SVA investments to date in the Savannah Lakes Village project are \$10,031,000, determined as follows:

| | |
|--|----------------------------|
| <u>Direct Investments</u> | |
| Purchase price of land bought for this project, less cost of land retained by SVA for internal use ⁵ | \$4,455,000 |
| Engineering, planning and design projects | 2,262,000 |
| Contribution to infrastructure development ⁶ | 3,300,000 |
| State grant-in-aid for a perimeter road | 900,000 |
| Savannah Valley Authority's agency operating overhead allocable to efforts on this project | <u>1,791,000</u> |
| <i>Total Invested by the Savannah Valley Authority</i> | <u>\$12,708,000</u> |
| <u>Reductions in Project Costs</u> | |
| Present value of SVA's proceeds from property sold to Cooper Communities for SLV (see footnote 2) | \$1,677,000 |
| Payment received by SVA from Cooper Communities to establish a loan fund (the loan fund is described separately in Section V of this report) | <u>1,000,000</u> |
| <i>Total Reductions</i> | <u>\$2,677,000</u> |
| <u>Net Project Cost</u> | <u>\$10,031,000</u> |

5. SVA purchased 3,159 acres from the federal government at a total cost of \$4,470,000. Approximately 10 acres of this land was retained for agency and other planned uses. SVA also purchased a railroad right-of-way. A small portion of this land was included in the property sold to Cooper Communities. This amount represents the approximate net cost of the total land sold.
6. SVA provided, through State general obligation bonds, \$3,300,000 to McCormick County for initial infrastructure development. No repayment of these aid-to-construction funds is required. In addition, SVA, through revenue bonds purchased by the State Insurance Reserve Fund, will provide the county with an additional \$20 million for infrastructure development over the life of the project. This \$20 million will be repaid through a fee charged on each lot to which infrastructure is provided (regardless of whether or not sold by the developer to a third party). Because the \$20 million is to be repaid with interest sufficient to provide a fair return on investment to the State, this amount was not included in the total costs. However, should the project not develop sufficiently to repay the loan, all or a portion of this amount could ultimately be a part of the total cost of the project to the State. Also, McCormick County spent substantial additional sums upgrading the infrastructure of the county to support the project, directly or indirectly. A major sewer project undertaken in 1986, funded primarily through an EDA grant of \$800,000 and "local funds" of \$419,995 (a substantial amount of which was borrowed from Farmers Home Administration), was completed to support both the nursing home and the SLV project itself. Furthermore, in 1982, a \$2.22 million expansion of the county's water capacity, which involved running a line from Calhoun Falls to McCormick, was completed, at least partially, in anticipation of a major development project on the lake. In fact, without this project, additional capacity at McCormick County's plant would have been required at a later date. Thus, these infrastructure costs cannot be ignored when considering the total costs of the project.

B. Benefits

The Savannah Lakes Village has created construction, sales and service jobs in McCormick County. At the end of 1992, approximately 280 workers were employed on the SLV properties. These workers generated more than \$5.0 million in new payrolls, commissions and other direct income.

However, there are also two other major levels of economic benefits which should be generated by the SLV project. "Indirect" jobs and local tax revenues. The following table describes the three major levels of economic benefits.

Table 1
THREE MAJOR LEVELS OF ECONOMIC BENEFITS
GENERATED BY THE SAVANNAH LAKES VILLAGE PROJECT

| | |
|---------------------------------|---|
| Direct Jobs and Payrolls | Direct jobs are created by Cooper Communities and other employers on the SLV properties. These jobs include workers at the lodge, restaurant, and golf course, as well as realtors, sales personnel and construction workers. |
| Indirect Jobs and Income | Indirect jobs from the SLV development are created from two sources: (1) As direct employment on the SLV properties increases, these new workers typically spend monies on goods and services in the local community. This new stream of income is expected to stimulate the creation of new "indirect" jobs in the community. Jobs are primarily created in the retail, wholesale, real estate, construction and medical health industries; (2) New residents and visitors also typically spend monies on goods and services in the community. This new stream of spending is also expected to stimulate the creation of new jobs. |
| Local Fiscal Impact | The local fiscal impact of the project is the sum of the aggregate local government revenues generated by economic activity related to the SLV project <u>minus</u> the net local government expenditures which are related to the project. |

The direct jobs at Savannah Lakes Village should provide a stimulus to the local economy. As these workers purchase goods in the local community, a second level of "indirect" jobs and income is created.⁷ In addition, a second stream of indirect jobs and income is expected when new SLV homeowners, renters and tourists purchase goods and services in the community. For example, local retailers, wholesalers, and eating and drinking establishments are typically

7. The direct effect includes the primary employment and income attributed to the construction, marketing and facility management functions at Savannah Lakes Village and by other employers on the SLV properties. The indirect effect includes the employment and income that are generated within the local community as "direct" dollars are spent for goods and services. This is called the "multiplier effect." The multipliers used in this analysis were developed by Clemson University's Department of Agricultural and Applied Economics or are State Development Board estimates based on the Clemson multipliers.

among the primary beneficiaries when new homeowners and tourists spend monies in the local community.

A third level of economic benefits is created in the community as tax revenues are generated by both the direct and indirect activity. The major sources of local tax revenues include real and personal property taxes, sales taxes and accommodation taxes.

The available 1992 data on direct jobs and income at Savannah Lakes Village are the most accurate because they were provided directly by Cooper Communities. The 1992 tax estimates also include a substantial amount of actual data from Cooper Communities, the South Carolina Comptroller General's Office, the McCormick County Tax Assessor, and the McCormick County Auditor.

However, the task of assessing the extent of the indirect benefits generated by this project is difficult. Standard economic impact models would predict that the increased number of new jobs, homeowners, renters, and visitors should all contribute to rising retail sales within McCormick County. However, the county's actual growth rates for net taxable sales receipts have lagged behind the state and regional averages since 1988.⁸

Thus far, the direct jobs and income generated at Savannah Lakes Village plus the new tax revenues -- primarily property tax revenues -- are the most significant determinants of the SLV's current economic impact on McCormick County.

Furthermore, this analysis of economic benefits indicates that, in the early stages of a development such as Savannah Lakes Village, poor rural communities are less likely to generate large numbers of "indirect" or spin off jobs because these communities lack an existing base of retail, wholesale and commercial businesses. An increased level of "indirect" activity is possible if local businesses develop to serve SLV employees, residents and visitors.

1. Direct jobs, payrolls and other income generated by activity on the SLV properties

This analysis takes a "snapshot" of direct economic impacts during two years -- 1992 and 2000. As a base year, 1992 was selected because actual annual 1992 data exist for the direct impact of the SLV project. The year 2000 was selected as the "out year" for the analysis because Cooper Communities' projections indicate that all 5,100 to 5,400 lots will be sold by the end of this year. Home construction is expected for 30 years or more.

Tables 2 and 3 on the following two pages summarize the direct and employment and income impacts generated in McCormick County by four groups:

- Cooper Communities -- The owner of the SLV properties. Cooper Communities operates marketing and sales facilities, a lodge to house prospective property purchasers, and a restaurant.

8. SC Tax Commission annual reports on net taxable sales receipts by county indicate that net taxable sales in McCormick County increased by 19.8% from 1988 to 1992 compared with a 22.8% increase in the state overall. A more complete discussion of retail sales is presented on page 21.

- Savannah Lakes Village Club⁹ -- The club owns, leases, operates and maintains certain lands and improvements as common properties. The principle club properties are the golf course and club house. The club also administers certain dues and enforces SLV building regulations.
- Other service providers -- Other service providers include the marina operator and the fire/emergency medical personnel assigned to the SLV.
- Construction and infrastructure contractors -- The employment estimates include workers employed by residential and non-residential construction contractors. However, the construction workers employed by Cooper Communities are included in the Cooper employment totals. As background on construction activity, the tables 4 and 5 on page 11 summarize spending on residential and non-residential construction.¹⁰

Table 2
DIRECT EMPLOYMENT AT SAVANNAH LAKES VILLAGE,
1992 AND 2000

| Employer and Job Characteristic | 1992 | | 2000 | |
|--------------------------------------|-------------------------------|-------------------------|-------------------------------|-------------------------|
| | Number of Employees (FTE)* | Subtotal by Employer | Number of Employees (FTE)* | Subtotal by Employer |
| Cooper Communities, Inc. | | 118 | | 150 |
| Construction/Sales | 53 | | 66 | |
| Lodging | 26 | | 31 | |
| Restaurant | 39 | | 53 | |
| Savannah Lakes Village Club | | 31 | | 40 |
| Administrative and Services | 14 | | 18 | |
| Golf Course | 17 | | 22 | |
| Other Service Providers | | 7 | | 15 |
| Marina | 2 | | 6 | |
| Fire/Emergency Medical | 5 | | 9 | |
| Construction and Infrastructure | | 124 | | 280 |
| Subcontractors for Roads | | | | |
| And Utilities (estimated) | 59 | | 50 | |
| Residential Construction (estimated) | 65 | | 230 | |
| TOTAL | | 280 | | 485 |

* Full-time equivalent (FTE)

SOURCE: 1992 data on Cooper Communities and Savannah Lakes Village Club provided by Cooper Communities.

9. The Savannah Lakes Village Club is a business entity which handles many of the functions associated with a property owners association.
10. Does not include approximately \$14 million to \$15 million in spending on infrastructure between 1988-1992, including \$10.6 million on roads, water and wastewater systems. Construction spending also includes approximately \$4.0 million for electricity, telephone and cable TV infrastructure development.

NOTES: The listing of direct jobs and income in tables 2 and 3 does not include the activity generated by the construction of the lodge/restaurant, the golf course/club, the village store and other non-residential structures. These construction projects were completed before 1992.

However, the direct benefits listed in tables 2 and 3 do include the jobs and payrolls created by residential construction in 1992 and 2000.

Table 3
DIRECT INCOME GENERATED AT SAVANNAH LAKES VILLAGE,
1992 AND 2000

(Totals in thousands of 1992 dollars)

| Employer and Job Characteristic | 1992 | | 2000 | |
|------------------------------------|---------|-------------------------|---------|-------------------------|
| | Income | Subtotal by Employer | Income | Subtotal by Employer |
| Cooper Communities, Inc. | | \$2,271 | | \$3,098 |
| Payroll | \$1,487 | | \$2,400 | |
| Commissions | 784 | | 698 | |
| Savannah Lakes Village Club | | | | |
| Payroll | | 658 | | 871 |
| Other Service Providers | | | | |
| Payroll (estimated) | | 105 | | 225 |
| Construction and Infrastructure | | | | |
| Payroll (estimated) | | 1,984 | | 4,480 |
| TOTAL | | \$5,018 | | \$8,674 |

SOURCE: 1992 data on Cooper Communities and Savannah Lakes Village Club provided by Cooper Communities.

The non-residential and residential construction expenditure data, which appears in tables 4 and 5, are cumulative totals from 1988 through 1992 and through 2000.¹¹ In contrast, the number of construction workers listed in Table 2 are estimates for individual years.

Table 4
ESTIMATED NON-RESIDENTIAL CONSTRUCTION EXPENDITURES
AT SAVANNAH LAKES VILLAGE, 1989-1992 AND 1989-2000

(Totals in millions of 1992 dollars)

| Non-Residential Building Construction | Cumulative 1988-92 | Cumulative 1988-2000 |
|--|-----------------------|-------------------------|
| Cooper Communities | | |
| Lodge | \$1.2 | \$1.2 |
| Restaurant/Sales Center | 1.0 | 1.0 |
| Maintenance Building | 0.1 | 0.1 |
| Savannah Lakes Village Club | | |
| Golf Course Club House | \$2.3 | \$2.3 |
| Recreation Center | 0.0 | 1.0 |
| Administrative Building | 0.1 | 0.1 |
| Total Non-Residential Building Construction | \$4.7 | \$5.7 |

SOURCE: Cooper Communities.

Table 5
ESTIMATED RESIDENTIAL CONSTRUCTION EXPENDITURES
AT SAVANNAH LAKES VILLAGE, 1989-1992 AND 1989-2000

(Totals in millions of 1992 dollars)

| Residential Building Construction | Cumulative 1988-92 | Cumulative 1988-2000 |
|--|-----------------------|-------------------------|
| Single-Family Homes | \$6.9 | \$71.4 |
| Multi-Family Structures | 2.6 | 6.2 |
| Total Residential Building Construction | \$9.5 | \$77.6 |

SOURCE: Cooper Communities.

In summary, 280 direct new jobs had been created on the SLV properties by 1992. Slightly more than half of the new workers were employed by Cooper Communities and Savannah Lakes Village, and over 44% were construction workers. The number of residential construction workers should fuel the most significant increase in SLV employment between 1992 and the year 2000.

¹¹. Includes construction costs only, and does not include land costs.

2. Indirect jobs and income created within the community¹²

The number of new jobs and residential construction spending have both increased in McCormick County since the SLV project began. A large portion of this increase is related to the direct benefits from SLV, which were outlined in the previous section. But, not all of the gains are attributable to SLV's direct impact.

For example, SLV accounts for approximately \$9.5 million of the county's \$13.2 million in new residential construction.¹³ In addition, Cooper Communities and the Savannah Lakes Village Club account for 149 of the 260 new non-manufacturing/non-government jobs created in McCormick County since 1988.¹⁴

Table 6
JOB AND CONSTRUCTION SPENDING GROWTH
IN MCCORMICK COUNTY SINCE 1988
(Spending in millions of dollars)

| | Growth in New Residential Construction Spending, 1988-92 | Growth in Non-Manufacturing, Non-Government Employment, 1988-91 |
|--|--|---|
| SLV "Direct" Impact | \$ 9.5 | 149 ¹⁵ |
| Total County Growth | 13.2 | 260 |
| Total Growth Not Attributable to Direct Impact of SLV | \$ 3.7 | 111 |

*SOURCES: U.S. Department of Commerce,
"Annual Building Permit Survey Report," 1988-92; and
SC Employment Security Commission.*

Consequently, McCormick County has gained new jobs and income which are not included in the "direct impacts" of the SLV project. Some portion of the new jobs and income are the result of the indirect impact of SLV.

¹². The indirect benefits described in this section are for McCormick County only. Indirect benefits will also accrue within surrounding counties. Based on the regional industry mix in neighboring counties, the total indirect benefits for the entire SVA region are not expected to exceed 10% to 15% more than the estimates for McCormick County alone.

¹³. McCormick County totals are estimates based on "imputed" data published in the U.S. Department of Commerce's "Annual Building Permit Survey Report," 1988-92.

¹⁴. In addition, a 250-employee State prison was opened in McCormick County in June, 1987. One could assume that the local spending related to the prison and its workers also should have had a positive impact on McCormick County sales and employment.

¹⁵. The 149 jobs represent Savannah Lakes Village and Cooper Communities employees only.

The extent of this indirect impact is related to the amount of spending that remains in the local economy. Two factors significantly constrain McCormick County's ability to capture a large portion of this spending.

First, the county ranks last in the state in the number of retail and wholesale workers. Consequently, there is not an existing base of retail and wholesale businesses. Secondly, less than half of Cooper Communities' workers live in McCormick County, although nearly all the remaining workers live in nearby SVA counties.

The following analysis will estimate the number of jobs created from the indirect impact of SLV. However, readers should note that only 20 new wholesale/retail jobs were created in McCormick County between 1988-91. In addition, a later section of this report on retail sales taxes indicates that McCormick County's retail sales growth rates have lagged behind the state and regional averages.

Consequently, the 1992 estimates should be evaluated in the context of the actual data which indicate a lack of rapid growth in the community since 1988. McCormick County may be able to capture a larger portion of indirect spending if a stronger base of wholesale, retail and service operations are created in the county.

a. *Spending within the local community by SLV workers*

Tables 7 and 8 estimate the indirect employment and income effects from the SLV project. Estimates are provided for 1992 and 2000.

According to U.S. Chamber of Commerce estimates, 80% of the new jobs should be created in non-durable sectors such as retail/wholesale trade, health-related services and other services.

Table 7

**SUMMARY OF DIRECT AND INDIRECT EMPLOYMENT EFFECTS
FROM SAVANNAH LAKES VILLAGE, 1992 AND 2000¹⁶**

| | 1992 | | 2000 | |
|---------------------------------|-----------|------------------------------|------------|------------------------------|
| | Indirect | Total Direct and Indirect | Indirect | Total Direct and Indirect |
| Cooper Communities | 27 | 145 | 36 | 186 |
| Savannah Lakes Village Club | 7 | 38 | 9 | 49 |
| Other Service Providers | 2 | 9 | 3 | 18 |
| Construction and Infrastructure | 29 | 153 | 64 | 344 |
| TOTAL | 65 | 345 | 112 | 597 |

¹⁶. See Table 2 for summary of direct employment effects.

Table 8
SUMMARY OF DIRECT AND INDIRECT INCOME EFFECTS
FROM SAVANNAH LAKES VILLAGE, 1992 AND 2000¹⁷

(Totals in thousands of 1992 dollars)

| Employer and Job Characteristic | 1992 | | 2000 | |
|--|--------------------|-------------------------------|--------------------|-------------------------------|
| | Indirect Income | Direct and Indirect Income | Indirect Income | Direct and Indirect Income |
| Cooper Communities, Inc. Payroll and Commissions | \$ 522 | \$2,793 | \$ 713 | \$3,811 |
| Savannah Lakes Village Club Payroll | 151 | 809 | 200 | 1,071 |
| Other Service Providers Payroll (estimated) | 24 | 129 | 52 | 277 |
| Construction and Infrastructure Payroll (estimated) | 456 | 2,440 | 1,030 | 5,510 |
| TOTAL | \$1,153 | \$6,171 | \$1,995 | \$10,669 |

b. *Spending by new residents and visitors*

Typically, residents, renters and visitors can be expected to spend money on goods and services in the general community.¹⁸ This is especially true since the income level of homeowners and visitors is appreciably higher than the income level of the general community.

A Cooper Communities' survey of homeowners indicated that the average 1991 household income in SLV was more than \$70,000. By comparison, median 1989 McCormick County household income was \$19,226.

Table 9 on the following page provides estimates of the number of renters, residents and visitors at SLV for 1992 and 2000. By the end of 1992, 74 owner-occupied homes had been sold within SLV. Renters lived predominantly in SLV's townhomes. And, visitors stayed in SLV's lodge.

¹⁷. See Table 3 for summary of direct income effects.

¹⁸. To avoid double counting, these expenditures do not include spending at SLV properties, such as the restaurant, lodge, golf course or other facilities.

Table 9
SLV RESIDENTS, RENTERS AND VISITORS,
1992 AND ESTIMATED 2000

| | 1992 | Estimated 2000 |
|--|--------|-------------------|
| Number of Year-Round Residents | 110 | 660 |
| Number of Partial-Year Residents/Renters | 68 | 581 |
| Number of Tour Visitors ¹⁹ | 11,304 | 10,000 |

SOURCE: Cooper Communities.

A standard impact analysis would indicate that local spending by this group of residents and visitors should have generated more than 40 new indirect jobs in 1992 (not including the indirect effects from residential construction). However, based on actual retail employment and retail sales growth data, McCormick County is not yet capturing a large portion of the spending from residents and visitors. Eventually, the increased buying power of new residents and visitors should contribute to the development of retail and other businesses in McCormick County. At that point, McCormick County can begin to capture an increased share of the indirect spending.

In summary, the data presented in this section estimated that the indirect impact from employment at Savannah Lakes Village created approximately 65 new jobs in 1992. While the indirect impact from spending by new residents and visitors created approximately 40 new jobs. To put these estimates in perspective, approximately 111 new non-manufacturing/non-governmental jobs were created in McCormick County between 1988 and 1991. The 111 new jobs do not include the direct jobs created by Cooper Communities and the Savannah Lakes Village Club.

3. Fiscal impact of the SLV development on McCormick County

The fiscal impact of the project within McCormick County is the sum of the aggregate local government revenues generated by both the direct and indirect economic activity related to the SLV project minus the local government expenditures that are related to the project. Overall, the SLV project generated approximately \$576,000 in McCormick County tax revenue in 1992 with comparatively few major new spending requirements directly related to SLV.

¹⁹. Cooper Communities conducts regular direct-marketing campaigns to attract prospective property buyers to Savannah Lakes Village. The numbers in this table only includes these tour visitors. An undetermined number of additional visitors will arrive to visit with residents and renters.

McCormick County receives four major streams of tax revenues from the project: real property taxes, personal property taxes, sales taxes, and accommodations taxes. The table on the right summarizes estimated revenues by source for 1992.

This analysis focuses primarily on the direct taxes generated by SLV. Therefore, the analysis generally will not include the indirect effects of the SLV development.

As the SLV development progresses, real property tax will continue to contribute the bulk of the tax benefits from the SLV project.

McCormick County's general operating spending has increased to provide services to SLV, but spending has not increased as rapidly as incoming revenues from SLV. Increased county expenditures occur primarily in three areas:

- Road maintenance -- McCormick County paid \$30,000 for road maintenance inside SLV in both fiscal years 1991-1992 and 1992-93. The county has committed to future road maintenance.
- Wastewater service -- McCormick County has conducted and funded engineering studies to examine options for developing wastewater capabilities.
- Fire protection -- The SLV Property Owners Association (POA) is providing an annual supplement to cover enhanced fire and service protection in Savannah Lakes Village.²⁰ McCormick County officials indicate that the county absorbs the cost of basic fire service to SLV, but those costs have not been identified.

Police protection is not a major issue, because a private security firm is funded through the Savannah Lakes Village Club.

In addition, since few school-age children are expected from SLV homes, SLV should not add significant costs to operating the local schools. The McCormick County School District is the primary beneficiary of the new property tax revenues generated by SLV.

Table 10
ESTIMATED 1992 MCCORMICK CO.
TAX REVENUES GENERATED
BY SLV, 1992

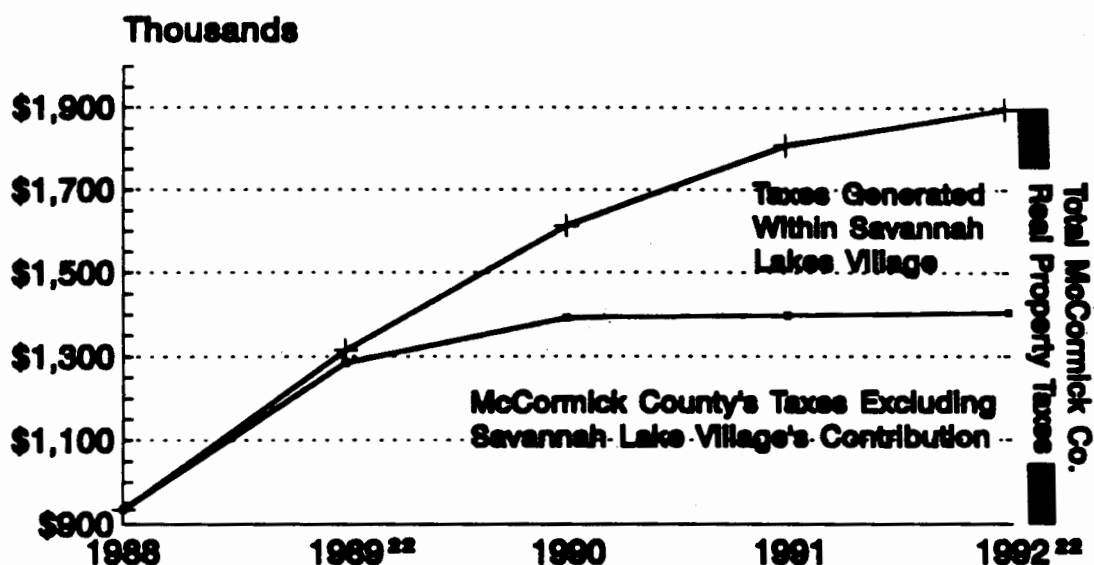
| | |
|-------------------------|-----------|
| Real Property Taxes | \$493,000 |
| Personal Property Taxes | 41,000 |
| Sales Taxes | 40,000 |
| Accommodations Taxes | 2,000 |
| Total | \$576,000 |

²⁰. The enhanced fire services helps to lower homeowner insurance rates. The POA's expenditures for fire protection is funded through a special purpose district property tax assessment. A \$10 per \$1,000 millage rate is applied. The rate was initiated in 1992. The POA has also agreed to provide the county with additional funding for fire protection if additional services are necessary to maintain lower insurance rates. The special purpose tax generated nearly \$22,000 in tax year 1992 and is expected to generate more than \$25,000 in 1993.

a. *Real Property Taxes*

From 1989 to 1992, McCormick County received approximately \$1.2 million in additional real property taxes from the Savannah Lakes Village project. In 1992 alone, SLV generated \$493,000 in real property taxes -- or 19% of the county's total real property tax collections.²¹

ESTIMATED REAL PROPERTY TAXES GENERATED BY SAVANNAH LAKES VILLAGE IN COMPARISON WITH McCORMICK COUNTY TOTALS, 1988-92



Total property tax data derived from SC Comptroller General's annual reports on assessed property values by county. These data do not represent actual tax collections.

Projections indicate that SLV's real property tax collections could reach \$1.5 million (in 1992 dollars) by the year 2000. By comparison, the county's total collections, excluding the SLV payments, were less than \$1.5 million in 1992.²³

21. None of the real property tax estimates in this section include the property tax generated from a \$10/\$1,000 special purpose district tax that is collected from all property holders within the Savannah Lakes Village. Revenues from special purpose tax are applied directly to fire and emergency medical services.

22. McCormick County's millage rate increased from 160 in 1988 to 210 in 1989 to 221 in 1992.

23. The \$1.5 million estimate for 1992 is based on the assessed value of real property as reported by McCormick County to the SC Comptroller General's Office.

Real property taxes are allocated based on the millage rates for school and county ordinary taxes. Currently 47% of McCormick County's taxes are earmarked for schools. The table on the right summarizes 1992 and 2000 taxes generated by SLV for schools and for the county ordinary budget. The year 2000 estimate assumes that the percentage of taxes earmarked for schools will remain at 47%.

Table 11
SCHOOL AND COUNTY ORDINARY
REAL PROPERTY TAX ESTIMATES
FROM SLV TO McCORMICK CO.,
1992 AND ESTIMATED 2000

| | <u>1992</u> | <u>2000</u> |
|-----------------|-------------|-------------|
| School | \$231,000 | \$ 697,000 |
| County Ordinary | 261,000 | 788,000 |
| Total | \$493,000 | \$1,485,000 |

Table 12 provides an estimate of the total real property taxes generated by SLV between 1989-1992 and 1989-2000. These estimates were derived from a 1989-2000 Savannah Lakes Village property tax model which was developed by the State Development Board expressly for this project. Table 13 on the following page provides specific data from the model for two selected years. Table 13 provides a more complete picture of property market values, assessed values and taxes generated for individual tax years 1992 and 2000.

Table 12
ESTIMATED REAL PROPERTY TAXES
FOR SAVANNAH LAKES VILLAGE,
1989-1992 AND 1989-2000 (CUMULATIVE)
(In 1992 Dollars)

| Property | 1989-1992 Real Property Tax Generated | 1989-2000 Real Property Tax Generated |
|-----------------------------|---|---|
| Developed lots | \$ 858,000 | \$5,348,000 |
| Owner-occupied homes | 31,000 | 2,350,000 |
| Condos/townhomes | 49,000 | 474,000 |
| Lodge/restaurant | 61,000 | 316,000 |
| Golf club and course | 39,000 | 346,000 |
| Village store | 4,000 | 19,000 |
| Maintenance shop | 2,000 | 11,000 |
| Common and reserve property | 9,000 | 44,000 |
| Recreation center | -0- | 68,000 |
| Undeveloped land | 103,000 | 194,000 |
| Total | \$1,156,000 | \$9,170,000 |

*SOURCE: SC State Development Board
SLV tax model for tax years 1989-2000.*

NOTES: See Table 13 on the following page for specific information on tax years 1992 and 2000. Table 12, on the left, provides cumulative tax flows from 1989-1992 and 1989-2000. Also, Table 12 summarizes data from a 12-year tax model prepared by the State Development Board expressly for this report. Both tables 12 and 13 provide estimates based on the value of property in 1992 dollars. No attempt was made to adjust for inflation or the mandated reassessments which will occur in 1993 and 1998.

Table 13
ESTIMATED 1992 AND 2000 REAL PROPERTY TAXES
FOR SAVANNAH LAKES VILLAGE

(In 1992 Dollars)

| Estimated 1992 Real Property Taxes ²⁴ | | | | | | Estimated 2000 Real Property Taxes | | | | |
|--|----------------------------|------------------|--------------------|---------------------------|--------------------------------|------------------------------------|------------------|--------------------|--------------|------------------------|
| Property | Property Value | Assessment Ratio | Assessed Value | Millage Rate | Property Tax Generated | Property Value | Assessment Ratio | Assessed Value | Millage Rate | Property Tax Generated |
| Developed lots | \$25,371,000 ³⁵ | 6.0% | \$1,522,000 | .228 | \$347,000 ²⁸ | \$52,595,000 | 6.0% | \$3,156,000 | .228 | \$720,000 |
| Owner-occupied homes | 2,003,000 ³⁵ | 4.0% | 80,000 | .228 | 18,000 ²⁹ | 63,321,000 | 4.0% | 2,533,000 | .228 | 578,000 |
| Condos/townhomes | 1,992,000 ³⁵ | 4%-6% | 116,000 | .228 | 26,000 ³⁰ | 6,591,000 | 4%-6% | 425,000 | .228 | 97,000 |
| Lodge | 2,327,000 | 6.0% | 140,000 | .228 | 32,000 ³¹ | 2,327,000 | 6.0% | 140,000 | .228 | 32,000 |
| Golf club and course | 2,813,000 | 6.0% | 169,000 | .228 | 39,000 ³¹ | 2,813,000 | 6.0% | 169,000 | .228 | 39,000 |
| Village store | 137,000 | 6.0% | 8,000 | .228 | 2,000 ³² | 137,000 | 6.0% | 8,000 | .228 | 2,000 |
| Maintenance shop | 78,000 | 6.0% | 5,000 | .228 | 1,000 ³² | 78,000 | 6.0% | 5,000 | .228 | 1,000 |
| Common and reserve prop. | 322,000 | 6.0% | 19,000 | .228 | 4,000 ³¹ | 322,000 | 6.0% | 19,000 | .228 | 4,000 |
| Recreation center | -0- | 6.0% | -0- | .228 | -0- ³³ | 1,000,000 | 6.0% | 60,000 | .228 | 14,000 |
| Undeveloped land | 1,694,000 | 6.0% | 102,000 | .228 | 23,000 ³⁴ | -0- | 6.0% | -0- | .228 | -0- |
| Total value ²⁵ | \$36,737,000 | | \$2,161,000 | .228 ²⁶ | \$493,000 ²⁷ | \$129,184,000 | | \$6,514,000 | .228 | \$1,485,000 |

FOOTNOTES

²⁴ All property and assessed values are for the tax years indicated. The property and assessed values are established on December 31 of the previous year. For example, the assessed values for tax year 1992 were established as of December 31, 1991.

²⁵ Totals may vary from the sum of all items due to rounding errors.

²⁶ Millage rate does not include a 10 mill special-purpose district levy.

²⁷ Based on actual tax assessments -- the McCormick County Tax Assessor's Office reported 1992 taxes of \$492,678.36. This includes the applicable homestead exemptions.

²⁸ Based on actual taxes paid by Cooper Communities on lots which it owns, plus an estimate for the balance of lots which have been purchased.

²⁹ Sixteen of the 54 homes on the tax roles were certified as owner occupied.

³⁰ One of 20 condos was owner occupied. The remainder were leased properties.

³¹ Based on actual taxes paid by Cooper Communities.

³² Estimates.

³³ Cooper Communities has committed to build a recreation center once 2,500 lots are developed.

³⁴ Actual taxes paid by Cooper Communities. McCormick County Tax Assessor's Office indicates that undeveloped property is valued at \$600 per acre.

³⁵ A \$4,000 community membership fee is paid by all residents. This fee is deducted from property values.

The 1992 data are based largely on actual data provided by the McCormick County Tax Assessor's Office and Cooper Communities. The projections for 2000 are based on low-to-moderate growth estimates. The State Development Board developed these estimates with the assistance of Cooper Communities.

b. *Personal Property Taxes*

SLV residents and businesses paid approximately \$41,300 in personal property taxes in 1992. This amounted to 3.3% of the personal property taxes generated in the county during the year.

The McCormick County Auditor's Office reported that, based on the assessed value of personal property in the Savannah Lakes Village special purpose district, an estimated \$19,266 was collected in personal property taxes in 1992 (not including motor vehicles). The Auditor indicated that this estimate is almost exclusively comprised of personal property owned by Cooper Communities, the Savannah Lakes Village Club, and other businesses operating on the properties.

The Auditor also indicated that very few privately owned watercraft were registered by homeowners in the special purpose district, although record-keeping procedures were not instituted to collect data on watercraft until tax year 1993.

Data on the assessed value of motor vehicles is collected on a July-to-June cycle rather than a calendar year. Based on the assessed value of motor vehicles registered from July to December of 1992, property taxes on motor vehicles for the six-month period were estimated at \$10,961. Since average collections from motor vehicles are fairly constant on a quarter-by-quarter basis during the year, an annual estimate of \$22,000 appears reasonable.

Table 14
ESTIMATE OF PERSONAL
PROPERTY TAXES GENERATED
WITHIN THE SLV SPECIAL
PURPOSE DISTRICT, 1992

| | |
|---|-----------------|
| Personal property (excluding motor vehicles) | \$19,300 |
| Motor vehicles | 22,000 |
| Total | <u>\$41,300</u> |

Once the SLV development grows, however, personal property taxes should increase significantly. Based on housing sales estimates for the year 2000, if the average full-time household registers motor vehicles, watercraft and other personal property with a total market value of \$15,000 (in 1992 dollars), the average personal property taxes in the year 2000 would exceed \$180,000. (Not including taxes paid by Cooper Communities and other organizations on the SLV properties.)

This estimate is very conservative since, according to a 1991 Cooper Communities survey, the average household income of SLV homeowners is \$71,894. Consequently, the typical year-round household could easily register watercraft, motor vehicles and other personal property with a market value exceeding the \$15,000 estimate used in the previous paragraph.

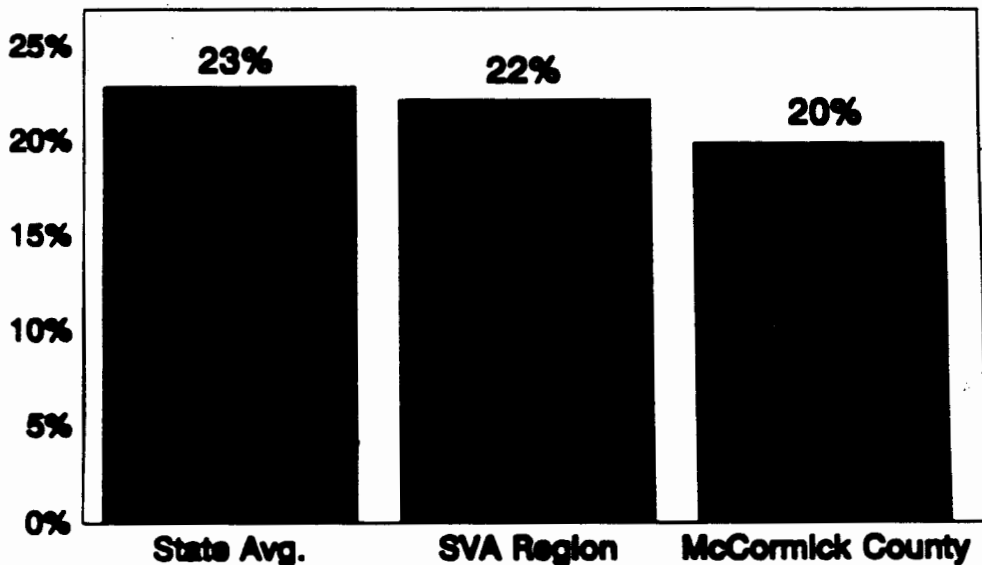
c. **Sales and Accommodations Taxes**

Cooper Communities reported that \$39,700 in sales taxes and \$2,373 in accommodation taxes were generated on the Savannah Lakes Village properties in 1992. This included the 5% statewide sales tax plus the 1% local option sales tax which went into effect on July 1, 1991. Data were provided for sales and accommodations taxes generated by the restaurant, lounge and lodge. However, the totals do not include the golf course's pro shop or the village store.

| Table 15 SALES AND ACCOMMODATIONS TAXES GENERATED AT SLV FACILITIES, 1990-1992 | |
|---|----------|
| 1992 | \$42,073 |
| 1991 | 41,919 |
| 1990 | 31,111 |
| <i>SOURCE: Cooper Communities.</i> | |

Overall, between 1988 and 1992, total McCormick County net taxable sales receipts grew at a pace that was below both the state and SVA regional averages. The following chart indicates that net taxable sales in McCormick County increased by 20% between 1988 and 1992 compared with a 22% increase in the 13-county the SVA region and a 23% increase in the state overall. Table 16 on the following page compares McCormick County's net taxable sales receipts with the state and SVA region county averages.

**PERCENTAGE CHANGE IN NET TAXABLE SALES,
McCORMICK COUNTY, SVA REGION AND
STATE AVERAGE, 1988-92**



Compiled from SC Tax Commission's
annual reports on net taxable
sales receipts, 1988-92

Table 16
SUMMARY OF NET TAXABLE SALES RECEIPTS FOR THE STATE,
THE SVA REGION AND McCORMICK COUNTY, 1992
(In millions of dollars)

| | South Carolina | SVA Region | McCormick County |
|--------------------|-------------------|---------------|---------------------|
| Total | \$26,597 | \$3,295 | \$17 |
| Average Per County | \$578 | \$253 | \$17 |

SOURCE: SC Tax Commission.

Local retail spending in McCormick County has not kept pace with the statewide average primarily because there are few retail outlets or eating and drinking establishments in the county. In 1990, for example, there were only eight retail establishments in the county with five or more employees. Furthermore, wholesale/retail trade employment rose by only 20 employees between 1988 and 1991.

But non-manufacturing employment should begin posting gains as more retailers, wholesalers and other businesses open in the community to serve the growing number of SLV homeowners and renters. Already, the county's first shopping mall -- including the county's first chain grocery store and pharmacy -- is under development. Tenants which have committed to the mall include Food Lion, Rite Aid and Family Dollar.

Until McCormick County develops a stronger base of retailers, wholesalers, and other businesses, much of the spending generated by the SLV project will take place in the surrounding area. We can assume that SLV residents and visitors are generating an increased level of spending in the counties surrounding McCormick -- from Greenwood to Aiken. But, it is difficult to estimate the amount of spending generated within the SVA region by the SLV project. It is also difficult to estimate the amount of retail sales from SLV that is escaping to nearby Georgia counties, especially counties in the Augusta metropolitan area.

III. COSTS/BENEFITS OF THE LAKE RUSSELL PROJECT

The Lake Russell Project is a land-development project located on properties which are adjacent to the Town of Calhoun Falls along the shoreline of Lake Richard B. Russell. The reservoir is located primarily along the western portion of Abbeville County, although it also extends slightly into southern Anderson County.

SVA-owned properties consist of 1,105 acres purchased from private land owners since December, 1990. SVA is also attempting to finalize a lease agreement for access to approximately 1,600 acres of land controlled by the U.S. Army Corps of Engineers.

These U.S. Army Corps of Engineers' properties are currently under a 50-year lease to the South Carolina Department of Parks, Recreation and Tourism. The State is pursuing the assignment of a revamped 99-year lease to the Savannah Valley Authority.

SVA's planning activities for the Lake Russell Project began in 1978, seven years after SVA began work on the Savannah Lakes Village Project. The Lake Russell Project also differs from the Savannah Lakes Village project for other two major reasons:

- Federally owned properties were purchased to provide the core land holdings for the Savannah Lakes Village project. In contrast, on the Lake Russell property, a lease arrangement is currently being negotiated with the federal government. These leased lands would comprise nearly 60% of the properties available for development.

Furthermore, U.S. Army Corps of Engineers regulations prohibit the "private exclusive use" of the leased properties. Consequently, privately owned residential, commercial and industrial developments are generally precluded on the leased lands that are included in the Lake Russell Project. This limits the use of these properties. Under these conditions, the most suitable land-uses could include recreational facilities, conference centers, transient lodging facilities or leased commercial centers.

- On the properties which SVA acquired from private landholders, the U.S. Corps of Engineers restricts land uses along the lakeshore (300-foot minimum Corps operational lands around the lake). This further restricts the amount of land available for private development.

Therefore, less land is available for private development on Lake Russell than at the Savannah Lakes Village. For example, the Savannah Lakes Village Master Plan calls for the development of more than 5,100-5,400 homesites. In contrast, SVA's

management estimates that a maximum of 1,200 to 1,500 homesites could be developed on the 1,105 acres of SVA-owned properties in the Lake Russell vicinity.³⁶

These differences will affect the economics of developing the Lake Russell Project. The Savannah Valley Authority has commissioned several studies to analyze development alternatives and related development issues.

Reports by Edward Pinckney/Associates and The Fontaine Company, Inc., each have recommended mixed-use residential/commercial developments on the site. Although the agency's board has not finalized plans for the property, the agency's board has committed to develop the site as a mixed-use project which will probably require multiple developers.

The 1991 study by Edward Pinckney/Associates, a Charleston-based landscape, architecture and planning firm, presented a development strategy. The development strategy included environmental studies, site analyses and a description of land-use alternatives. This was a thorough analysis, but the report clearly stated that it was not a master plan for the Lake Russell property.

A 1993 report by The Fontaine Company, Inc., a Columbia-based consulting firm, provided a very basic plan for a mixed-use development in the northern portion of the Lake Russell property. The plan was accompanied by project investment estimates and an economic impact based on its plan.

The Fontaine Company plan called for a 125-employee (minimum) government office complex, a 100,000-square-foot commercial/retail center, a 500-homesite development, recreational/marina facilities, and an 80- to 100-room lodge.

The Fontaine Company plan, which included one-page descriptions for the mixed-used development project and the lodge, was very basic even though the table of contents included a section labeled "Master Plan for Calhoun Falls site."

And, most importantly, the Fontaine Company report did not discuss financing options for the \$52.3 million proposed for the total package of non-residential development and construction. However, a brief summary on financing alternatives (i.e., cash, commercial loans and SVA revenue bonds) was presented for the proposed lodge.

Although the Fontaine Company has attempted to identify a potential U.S. Department of Commerce facility which could be located at the site, the project does not currently appear viable. The government facility was a critical component in the Fontaine plan.

Neither the Pickney nor the Fontaine reports were intended to fulfill the need for a comprehensive master plan. SVA was responsible for approving a project design before a master plan could be developed, and the lack of a viable project design is a significant concern.

³⁶. SVA management currently anticipate a mixed-use development on the Lake Russell properties. In a mixed-use development, the number of potential homesites would decrease substantially.

In addition, development of the property is also dependent upon improvements to the local water/wastewater systems. The Savannah Valley Authority is providing financial and technical assistance to local governments in the region to address these issues.

Consequently, at this time, too many basic questions exist to determine the viability of this project. For example:

- Can a mixed-use residential/commercial development succeed in such an economically depressed area?
- Will the geographic proximity to Savannah Lakes Village negatively affect the market potential of a Lake Russell development?
- How will SVA finance the project and what are the financial risks?
- What incentives will be necessary to attract reputable private developers?

The success of the Lake Russell Project is dependent on developing creative land-use and financing plans combined with the implementation of strong marketing efforts by both the Savannah Valley Authority and private developers. The Savannah Valley Authority's role in project management is considered critical. This project poses much more complex planning, financing and marketing challenges than the Savannah Lakes Village project.

A. Net SVA Investment

The Savannah Valley Authority's net investment to date includes \$919,000 for purchasing land from several private land holders plus approximately \$1.5 million in agency overhead expenses which have been allocated to the project. In addition, SVA has not yet allocated all costs for engineering, planning and design projects associated with this project. The cost of these projects may exceed \$1.5 million. Consequently, based on preliminary information from SVA, the total cost of this project may approximate \$3.9 million.

| | |
|---|---------------------------|
| <u>Direct Investments</u> | |
| Purchase price of land bought for this project | \$ 919,000 |
| Engineering, planning and design projects | ** 37 |
| SVA agency overhead which is directly allocable to this project | <u>\$1,484,000</u> 37 |
| ** SVA has not yet allocated costs for this item. | |
| <u>Net Project Cost (preliminary)</u> 38 | <u>\$2,403,000</u> |

37. Approximately \$1.5 million may be added to this project once SVA and the State Auditor's Office have agreed on the allocation of total project capital costs.

B. Benefits

Until more specific land-use and marketing master plans are completed, the long-term benefits of this project cannot effectively be assessed.

In the short-term, however, Abbeville County and the Town of Calhoun Falls are receiving "management fees" from SVA which exceed the dollar amount of the real property taxes, based on the prices which SVA paid for the properties. In 1992, SVA paid Abbeville County a \$19,000 fee for management services, which is in effect a fee-in-lieu of taxes. SVA also paid the Town of Calhoun Falls \$6,000. No management fee payments have been paid thus far in 1993.

If these properties were taxed based on the market value established when SVA purchased the properties, the real property taxes in Abbeville County would be \$7,881 and the real property tax in the Town of Calhoun Falls would be \$2,012. The taxes based on current market value exceed the agricultural-use property taxes paid by the previous owners.

³⁸. See footnote 37 for a discussion of the preliminary status of SVA's net investment in this project. Also, this project will require substantial future infrastructure funding as well as project funding. At this stage, the amounts of funding have not been determined.

IV. COSTS/BENEFITS OF SVA's REGIONAL WATER/ WASTEWATER INFRASTRUCTURE DEVELOPMENT PROJECTS

The Savannah Valley Authority has funded various engineering studies and related projects to promote long-range regional water/wastewater solutions. Although the projects are generally regional in scope, they have focused on issues which are critical to ensure that water and wastewater services are available for the development of the Savannah Lakes Village and the Lake Russell projects.

The area's existing water and sewer facilities are marginal, at best. They suffer from the combined problems of fragmented management, poor or no maintenance, small size, outmoded technology, inappropriate or inconvenient location, and -- most importantly -- a lack of a sufficient revenue base to finance costly improvements.

A number of SVA-funded studies have examined these issues. Yet, the local public water and sewer providers have not yet settled on long-term solutions, primarily due to limited funding options and a relatively small number of existing customers in this sparsely populated rural area. Long-term solutions are needed for the development of both the Savannah Lakes Village and the Lake Russell project.

Engineering studies indicate that McCormick's existing wastewater facilities can accommodate approximately 950 housing units at Savannah Lakes Village, if planned upgrades are implemented. Housing sales by Cooper Communities may exceed this level after 2003-2005. In Calhoun Falls, additional water and wastewater capabilities are integral to any large-scale development on Lake Russell.

The following sections describe the major SVA-funded water and wastewater projects. This study is not an engineering evaluation. These sections simply describe the major projects in order to evaluate the costs and benefits of the SVA's water/wastewater infrastructure planning programs.

A. Wastewater Infrastructure Planning

The Rocky Creek Wastewater Treatment Plant, operated by the Town of McCormick, is the existing wastewater treatment facility serving the Savannah Lakes Village and surrounding area.

In a 1987 agreement, nearly 40% of the plant's design capacity of 850,000 gallons per day was committed to Savannah Lakes Village (according to a report by Cooper Communities,

the actual amount available was only 200,000 gallons per day rather than the 325,000 gallons committed to the project). However, the 200,000 gallons per day of capacity would have allowed for service to approximately 1,200 homes. As noted earlier in this section, engineering studies now indicate that 950 homes could be served by the Rocky Creek facility.

Yet, the availability of even this reduced amount of capacity is open to question. Rocky Creek plant's committed flow of 1,339,000 gallons per day currently exceeds its design capacity by some 489,000 gallons. The problem is further aggravated because the present flow in the facility is at 80% of capacity, partly because of the high concentration of wastewater effluent from the State prison served by the plant.

Once flow reaches 90% of capacity, the SC Department of Health and Environmental Control (SCDHEC) will require that construction begin on improvements to enlarge or replace the facility, covering all committed flows.

In 1987, McCormick County applied for, and was issued, a permit to construct a new wastewater treatment facility adjacent to Stevens Creek. The original permit was for the discharge of 3.25 million gallons per day. Subsequent action by SCDHEC has reduced this permitted amount to 2.25 million gallons per day.

This new facility was to be designed to accept the entire projected demand of Savannah Lakes Village, set at 900,000 gallons per day, according to a 1988 report by Cooper Communities. It would also accept all of the other committed capacity in the area.

SVA has financed wastewater engineering studies to examine options for long-term solutions in McCormick. One of the studies also involved the wastewater facility in Calhoun Falls. These studies are summarized in the table at the top of the following page.

SVA has also financed several studies to assist wastewater providers in the service area. One of the studies proposed an alternative method of sludge disposal for the Rocky Creek treatment plant, involving land application instead of landfill disposal. Although the alternative proved feasible when it was implemented, this project was discontinued.

In addition to these engineering studies, SVA funded a study which proposed adjustments in the rate structures of the McCormick Commissioners of Public Works (CPW) and McCormick County to cover the actual costs of operating and maintaining wastewater facilities. These recommendations have been implemented, and have resulted in a revenue stream that more adequately supports the sewer operation at Rocky Creek.

Table 17
SUMMARY OF MAJOR SVA-FUNDED
WASTEWATER ENGINEERING STUDIES

| | Description of Engineering Studies | Estimated New Costs: Fixed/Operational |
|---|--|---|
| Upgrading the existing Rocky Creek Plant | Proposed pretreatment for the local state prison's effluent and infiltration and inflow mitigation. Although the upgrade would extend the life of the facility for five to seven years, the upgrade cannot provide the long-term solutions needed in the area, without cost-prohibitive technical improvements to the plant. | \$775,000 fixed costs and \$43,000 annual costs |
| Building a new Stevens Creek Plant | Examined the cost of building a new plant and abandoning the Rocky Creek Plant. This was a general water quality management study rather than a detailed plan. | \$12 million in fixed costs |
| Developing a regional wastewater system | Examined the feasibility of tying both the Rocky Creek Plant and the wastewater treatment facility in Calhoun Falls into a regional facility at the Horse Creek Plant in Aiken. | \$47 million to \$54 million in fixed costs |

B. Water Infrastructure Planning

Water service to Savannah Lakes Village, and to parts of northern McCormick County, is provided by the Abbeville County town of Calhoun Falls, which owns and operates a water plant with a design capacity of 1 million gallons per day. The water plant is more than 25 years old, and has been very poorly maintained, so that it is capable of producing only about 750,000 gallons per day. Because of deferred maintenance and general deterioration, the plant's operation and maintenance costs are now relatively high.

The Calhoun Falls water plant is located in the center of the town. It is adjacent to property fronting Lake Russell, currently owned by SVA. SVA would like to develop this property, but the presence of the water plant severely limits the potential for such development.

The Calhoun Falls water plant was originally constructed with a HUD loan, which the town never repaid. This loan was later forgiven, when the town appealed to HUD through its congressional delegation, citing its inability to pay. Thus, the town presently has no debt on the facility, and no strong inclination to incur any financial obligations by moving the plant elsewhere.

However, SCDHEC has informed the town that, under changed regulations, the Calhoun Falls water plant, like all other municipal water plants, must remove and dispose of alum sludge. SCDHEC has recently fined the town due to current violations.

SVA has funded four water supply system projects. Three of the projects deal directly with the Calhoun Falls water plant. The following table summarizes each of the four projects.

Table 18
SUMMARY OF MAJOR SVA-FUNDED
WATER SUPPLY STUDIES AND PROJECTS

| | Description of Water Supply Projects |
|--|---|
| Calhoun Falls water supply alternatives | SVA has offered the town of Calhoun Falls a new site for a water plant. The new site is removed from the more attractive areas for development. SVA has also provided funds to evaluate the town's options. These options consist of upgrading and repairing the existing water plant and construction of a new water plant facility on a new site provided by SVA. Also, SVA assisted in preparing a Farmers Home Administration (FmHA) loan application to fund construction of a 2 million gallons per day (mgd) facility, expandable to 4 mgd. The cost is estimated at \$2.5 million. FmHA denied the loan because existing demand does not justify the \$2.5 million facility. This illustrates the problem in funding water infrastructure for new developments. |
| Calhoun Falls water tower construction | SVA contributed \$26,000 to match a SCANA Corporation grant to buy additional elevated storage capacity for the Calhoun Falls water system. The additional capacity was constructed at a fraction of the cost necessary to build a new water tank. |
| Water system rate studies | SVA funded separate rate studies for the McCormick County and Calhoun Falls water systems. Both have implemented recommended rate increases. |
| Savannah River Basin computer model | SVA provided \$385,000 to the SC Water Resources Commission to develop a computer model for the Savannah River Basin. One of the purposes of the model was to establish data to strengthen local requests to the U. S. Corps of Engineers for allocations of municipal water supplies. The Corps of Engineers' modelling techniques were alleged to be less sophisticated. The project has not yet been completed. |

Because the Water Resources Commission's computer model is not directly related to economic development, this study does not evaluate the effectiveness of SVA's financial participation in this program.

C. Net SVA Investment in Water/Wastewater Projects

Total costs of regional water/wastewater studies and projects are estimated at \$533,000. Approximately \$148,000 was allocated to engineering and related studies for local service providers, including \$26,000 for a construction-aid grant to the Town of Calhoun Falls. SVA provided \$385,000 to the South Carolina Water Resources Commission to support a portion of the cost of developing a computer hydrology model of the Savannah River Basin.

If other infrastructure support was provided to the communities, these costs are captured in the analysis of community support projects later in this report.

The primary SVA expenditures on water/wastewater studies and related projects, excluding infrastructure development within the Savannah Lakes Village properties, are highlighted below.

| | |
|--|----------------------------|
| <u>Wastewater Projects</u> | |
| Engineering study for upgrading McCormick wastewater treatment plant | \$58,750 ³⁹ |
| Engineering studies and permitting assistance related to building a new McCormick wastewater treatment facility | \$30,200 ⁴⁰ |
| McCormick County wastewater management plan | \$10,000 |
| Engineering study on constructing a connector to Aiken's Horse Creek facility | \$11,000 |
| McCormick wastewater rate study | \$7,500 |
| <u>Water Supply Projects</u> | |
| Engineering study for the Calhoun Falls water plant | \$3,450 |
| Construction grant for Calhoun Falls water system | \$26,000 |
| Water supply rate studies for McCormick and Calhoun Falls systems | \$1,000 |
| <u>Special Study</u> | |
| Funding to the SC Water Resources Commission for a computer model of the hydrology within the Savannah River Basin | \$385,000 |
| Allocation of SVA agency overhead | <u>- 0 -</u> ⁴¹ |
| <u>Net Project Costs</u> | <u>\$533,000</u> |

³⁹. Includes two separate projects.

⁴⁰. Includes two separate projects: an engineering study and assistance in obtaining an NPDES permit from SCDHEC.

⁴¹. The agency overhead costs for water/wastewater projects is included in the total figure for community support. SVA's community support activities are examined in Section V-E of this report.

D. Benefits of Water/Wastewater Projects

SVA is attempting to provide the leadership necessary to develop long-term solutions. The need for long-range solutions is unquestionable, and the SVA-funded projects have focused attention on the current infrastructure limitations of the area. Furthermore, the SVA-funded engineering studies have focused on the long-term issues which are critical for the development of the Savannah Lakes Village and Lake Russell projects.

However, the added construction and operational costs posed by several of the options described in the engineering studies appear to be so high as to be unrealistic. Coordinated, regional, long-term solutions are the goal of good wastewater planning. However, alternatives must be implemented if they are to be effective.

The studies point out the rather tenuous base of infrastructure support for the whole area. SVA has been trying to define options and build support for long-term solutions. These will be difficult to achieve without "outside" help in the form of outright grants or other subsidies.

V. COSTS/BENEFITS OF SVA FINANCIAL INCENTIVE/ GRANT PROGRAMS AND OTHER DEVELOPMENT PROJECTS

Since 1988, the Savannah Valley Authority has established two financial incentive programs and has provided a grant for a technology center/incubator near Clemson University. In addition, between 1990 and 1992, the Legislature provided \$2.7 million in "pass-through" funds from the SVA for an industrial park in Hampton County.

Also, the agency has been involved in a number of community development projects involving tourism promotion, cultural development and industrial development.

Table 19
SUMMARY OF SVA INCENTIVE/GRANT AND
OTHER ECONOMIC DEVELOPMENT PROGRAMS
NOT RELATED TO LAND DEVELOPMENT

| | |
|--|---|
| Incentive Programs | Two financial incentive funds were created to help attract new or expanded businesses. The first fund, which was underwritten with a \$1 million grant from Cooper Communities, targets Abbeville, McCormick and southern Anderson counties. A second fund, financed through a \$4.5 million State bond bill appropriation, targets Aiken County. Since 1988, \$2.3 million of the agency's available financial incentive funds have been spent for direct loans, favorable lease arrangements, building renovations, and other agency expenditures related to these projects. |
| Grant Program | SVA has provided \$300,000 for the Center for Applied Technology, a technology center/incubator, located near Clemson University. |
| "Pass Through" Funds | The Legislature provided \$2.7 million for an industrial park established in Hampton County. Five counties are participating in the development of the park. SVA functioned as a "pass-through" agency for these funds and SVA had no discretion in the use or management control of these funds. |
| Other Economic Development Projects | Projects include assistance with local industrial development, strategic planning, tourism promotion, and cultural development activities. Approximately \$393,000 has been spent on these projects during the past 15 years. |

The primary benefit provided by SVA's participation in these projects has been the ability to leverage SVA funds to create new jobs and payrolls in South Carolina. The following table summarizes the total number of jobs, payrolls and investments created by the incentive and grant programs where SVA was a participant. The data presented in this table represent the total numbers of jobs, payrolls and investments created by these projects, not the numbers attributable solely to SVA's investments.

Table 20
TOTAL NUMBER OF DIRECT JOBS, ANNUAL PAYROLLS AND INVESTMENTS CREATED THROUGH SVA's PARTICIPATION IN INCENTIVE AND GRANT PROGRAMS, 1990-93

| | SVA Expenditures ⁴² | Number of New Companies | Direct Jobs Created | Direct Payrolls (Estimate) | Direct Plant & Equipment Investment |
|-----------------|--------------------------------|-------------------------|---------------------|----------------------------|-------------------------------------|
| Incentive Funds | \$1,950,000 | 4 | 228 | \$4,846,200 | \$7,601,500 |
| Grant Program | 300,000 | 7 | 116 | 4,337,900 | 2,200,000 |

NOTE: SVA's net investment represents less than one-third of the total public and private funds invested in these projects. This table summarizes the total number of jobs, payrolls and investments created by the incentive and grant programs where SVA was a participant, not the numbers attributable solely to SVA's investments.

It is very important to note that the Savannah Valley Authority provided only a portion of the funding for the financial incentive and grant programs. For example, SVA's incentive programs provided less than one-third of the total public and private financing requirements for the four projects that it has funded. Similarly, SVA has provided approximately 8% of the Center for Applied Technology's five-year budget.

Overall, the two financial incentive funds established by SVA have committed nearly \$2.0 million since 1988 for loans, mortgages and building renovations. Approximately \$5.8 million has been authorized for these programs. Consequently, after adjusting for agency overhead expenses, the unspent balance in these funds is approximately \$3.7 million. The table at the top of the following page summarizes expenditures in SVA's financial incentive and grant programs.

⁴². SVA expenditures only represent funds committed to provide financial incentives to companies. These expenditures do not include agency overhead nor do they include all funds available for these programs.

Activity in the financial incentive funds has been suspended pending a determination on the agency's future funding. SVA management has indicated that all or a portion of the balance in these loan funds may be used in the future for general agency operating expenses.

Table 21
SUMMARY OF EXPENDITURES TO DATE,
FUNDS AVAILABLE TO SVA,
AND BALANCE IN SVA'S LOAN FUNDS

(Totals in thousands of dollars)

| | Expended | Available | Balance |
|--|----------------|----------------|----------------|
| Financial Incentive Funds | \$2,276 | \$5,846 | \$3,570 |
| Grant for Technology Center | 300 | 300 | -0- |
| "Pass Through" Funds for Hampton Industrial Park | 2,700 | 2,700 | -0- |
| Community Support Programs | 393 | 393 | -0- |
| Total | \$5,669 | \$9,239 | \$3,570 |

Two issues are important to note when evaluating the effectiveness of the financial incentive and grant programs:

- As the table on the top of the following page indicates, 80% of SVA's funding was provided to companies and organizations in Aiken and Pickens counties. Aiken County ranks third in the state in per capita income and Pickens ranks 13th. Consequently, even though the SVA service area includes some of the most economically depressed counties in the state, a large portion of SVA's loan/grant programs provide funds that have been targeted to assist the most affluent counties in the region.
- The SVA programs duplicate other state and regional financial incentive programs. These include loan programs managed by the Jobs Economic Development Authority, the regional councils of government, and the Governor's Office.

Table 22

**COUNTY LOCATION OF COMPANIES AND OTHER ORGANIZATIONS
WHICH HAVE RECEIVED SVA
FINANCIAL INCENTIVE OR GRANT FUNDS**

| | Pickens | Aiken | McCormick | Abbeville |
|---|-------------------------|---------------------------|-------------------------|-------------------------|
| Total SVA Grants, Loans And Other Incentives | \$300,000 ⁴³ | \$1,500,000 ⁴⁴ | \$300,000 ⁴⁵ | \$150,000 ⁴⁶ |
| Number of Companies | 1 | 1 | 2 | 1 |

A. Savannah Lakes Regional Loan Fund

During the original Savannah Lakes Village (SLV) negotiations between Savannah Valley Authority and Cooper Communities, a \$1 million Savannah Lakes Regional Loan Fund (SLRLF) was established to promote the creation and expansion of businesses within the geographic area directly impacted by SLV. A not-for-profit corporation was established in 1990 to administer the fund.

This not-for-profit corporation is jointly administered by the Savannah Valley Authority and the South Carolina Jobs-Economic Development Authority (JEDA). A six-member board, which consists of three members from both the Savannah Valley Authority and JEDA, has sole discretion on all funding decisions.

The SLRLF corporation developed "Savannah Lakes Regional Loan Fund Guidelines," and that document specifies that:

- The regional loan fund "will target" all of Abbeville and McCormick Counties as well as a specified section in the southwestern quadrant of Anderson County.
- Regional loan funds will be used to help attract additional capital from private and public sources. Funding mechanisms can include, but are not limited to, direct loans, loan guarantees, and land/building purchases.

⁴³. Grant provided to the Center for Applied Technology (CAT), an incubator/technology development center. Seven early-stage research-oriented companies operate within CAT.

⁴⁴. Includes \$1.25 million to purchase a building, plus \$250,000 for renovations on the building. This building was then leased at a slightly-lower-than-market rate to a food processing company.

⁴⁵. Two separate \$150,000 loans. One for an industrial company. The second for McCormick County's first shopping mall.

⁴⁶. One \$150,000 loan to an industrial company.

- Regional loan funds "will provide industrial and commercial businesses, including the service and retail sectors, with financing for the following uses:
 - a. Fixed assets such as land, building and equipment including site preparation, facility construction or renovation.
 - b. Working Capital."

Public entities "are not categorically excluded" from participating in the loan fund.

- "Loans or guarantees normally will not be made for amounts of less than \$10,000 or greater than \$150,000 to any one borrower." The maximum amount for a single loan should not exceed 15% of the total assets of the fund.

Overall, the guidelines provide the board with wide discretion on all funding decisions. However, the parameters for funding are very similar to guidelines for other State loan funds.

Through March 31, 1993, the Savannah Lakes Regional Loan Fund had participated in three loans. The two tables on the following page provide a summary of the loan activity and background on each of the three companies which received loan funds.

Table 23
LOAN ACTIVITY SUMMARY
BY THE SAVANNAH LAKES REGIONAL LOAN FUND, 1990-92

| Borrower | SLRLF Loans | Other Public Participation | Private Financing | Company Equity | Total Leveraged |
|-----------------|------------------|-------------------------------|----------------------|-------------------|--------------------|
| Burnstein Corp. | \$150,000 | \$300,000 | \$200,000 | \$281,500 | \$781,500 |
| Medipac Corp. | 150,000 | 405,000 | 0 | 175,000 | 580,000 |
| Gold Rush | 150,000 | 20,000 | 1,650,000 | 120,000 | 1,790,000 |
| TOTAL | \$450,000 | \$725,000 | \$1,850,000 | \$576,500 | \$3,151,500 |

SOURCE: Savannah Valley Authority.

Note that SVA provided approximately one third of the total public and private funding for these projects. Company equity accounted for 24%-30% of the industrial projects and 6% for the Gold Rush project.

Table 24
DESCRIPTION OF COMPANIES AND TYPES OF FACILITIES
WHICH RECEIVED SLRLF FUNDS, 1990-92

| Borrower | Industry Description | Location Of Project | Description Of Project | Year |
|-----------------|------------------------------|---------------------|------------------------|------|
| Burnstein Corp. | Nonferrous castings | Abbeville | Expansion and HQ | 1990 |
| Medipac Corp. | Machinery, medical dressings | McCormick | New investment | 1992 |
| Gold Rush | Shopping center | McCormick | New investment | 1992 |

Burnstein, a manufacturer of nonferrous castings, is expanding its existing operation in Abbeville and has moved its corporate headquarters to the site. Medipac, which produces equipment that cuts, folds and packages medical gauze, opened a facility in McCormick. And, Gold Rush is a limited partnership established to build and manage McCormick County's first shopping mall. Tenants which have committed to the mall include Food Lion, Rite Aid and Family Dollar.

Activity in the SLRLF fund was suspended once the agency became an enterprise agency at the beginning of the 1992-93 fiscal year. Agency management indicates that these funds may be used for operating expenses in the future, depending on the agency's financial condition.

1. SVA Net Investment

Although \$450,000 of the SLRLF funds have been allocated to date, total funds available include:

| | |
|--|---------------------------|
| <u>Sources of Funds</u> | |
| Funds from Cooper Communities | \$1,000,000 ⁴⁷ |
| SVA agency funds invested | 20,000 |
| Allocation of SVA agency overhead | <u>88,000</u> |
| <u>Net Investment in the SLRLF Fund</u> | <u>\$1,108,000</u> |

⁴⁷. This amount was deducted from the cost of the Savannah Lakes Village project. See discussion on net reductions in project costs for the Savannah Lakes Village project (page 6) for further details.

The incentive fund appears to represent general agency funds which could be available for other uses. This means that the unexpended balance has not necessarily been committed to an incentive fund.

2. Benefits

As the following table indicates, the three projects which received SLRLF funding are expected to create 108 direct jobs. An additional 24 indirect jobs are expected in the community as these new employees purchase goods and services in the local community.

Table 25
DIRECT AND INDIRECT JOBS AND ANNUAL PAYROLLS
GENERATED BY COMPANIES WHICH RECEIVED SLRLF FUNDS,
1990-92

| Name of Company | Number Of Direct Jobs ⁴⁸ | Direct Payrolls ⁴⁹ | Number Of Direct And Indirect Jobs | Direct And Indirect Income |
|-----------------|-------------------------------------|-------------------------------|------------------------------------|----------------------------|
| Burnstein Corp. | 15 | \$345,000 | 21 | \$ 540,650 |
| Medipac Corp. | 33 | 871,200 | 40 | 1,045,440 |
| Gold Rush | 60 | 630,000 | 71 | 794,871 |
| TOTAL | 108 | \$1,846,200 | 132 | \$2,380,961 |

More than \$1.8 million in annual direct payrolls are expected from these 108 new direct jobs. In addition, these three projects are also expected to generate \$3.6 million in plant and equipment expenditures.

The Gold Rush investment is especially noteworthy because it will provide McCormick County's first major shopping mall. The shopping mall should help to retain a larger portion of the retail sales from Savannah Lake Village's residents and visitors within the county.

The new investment would generate an additional \$23,800 in property taxes for schools and \$10,000 for the county ordinary budget in each of the next five years.

⁴⁸. Direct job estimate provided by the Savannah Valley Authority. Gold Rush employment total is comprised of retail trade workers.

⁴⁹. Wages estimated from South Carolina average wages in Employment and Wages Annual Averages, 1991. U.S. Department of Labor.

B. Aiken County Development Fund

The 1992 State bond bill provided the Savannah Valley Authority with \$4.5 million in a line item labeled the "Aiken County Project." No specifications or conditions were provided on the use of these funds.

In principle, however, these funds were initially provided to construct a building to help attract an engineering company to the Aiken area. This building would have provided an "anchor facility" for a planned research park near the Savannah River Site. The engineering company involved was a major contractor to the Westinghouse Savannah River Company.

This project never materialized because, in the final analysis, the number of employees and the length of the lease commitment by the engineering company did not provide a sufficient economic benefit to justify the State's investment.

Consequently, the Savannah Valley Authority designated these funds to a more general purpose -- to promote economic development in Aiken County. The Savannah Valley Authority's 1991-92 Annual Report indicates that:

"The direction of the Board, in conjunction with the Aiken County legislative delegation, has been to focus on creating job opportunities in the corridor between Aiken and North Augusta, provide some assistance to the development efforts of North Augusta, and evaluate what role, if any, SVA might play in the development of research and technology transfer opportunities for the County."

SVA has reviewed several requests for loans and/or other financial assistance. However, as of April 30, 1993, one project has been funded.

The Savannah Valley Authority purchased a \$1.25 million industrial building and has subsequently spent approximately \$250,000 on renovations. This building will be leased to A&L Foods.

A slightly lower-than-market lease arrangement was one of the incentives used to help attract the food processing operation to Aiken. A&L Foods, headquartered in Augusta, Ga., will bottle maple syrup, sports drinks, iced tea, flavor concentrates and other food products at the SVA-owned facility.

Table 26
ACTIVITY SUMMARY
FROM THE AIKEN COUNTY DEVELOPMENT PROJECT FUND, 1992

| Borrower | SVA Loan | SVA Building and Renovation | Public Financing | Company Equity | Total Leveraged |
|-----------|-------------|--------------------------------|---------------------|-------------------|--------------------|
| A&L Foods | \$-0- | \$1,500,000 | \$700,000 | \$300,000 | \$1,000,000 |

Table 27
DESCRIPTION OF THE COMPANY WHICH RECEIVED
AIKEN COUNTY DEVELOPMENT PROJECT FUNDS, 1992

| Borrower | Industry Description | Location Of Project | Description Of Project | Year |
|-----------|-------------------------|------------------------|---------------------------|------|
| A&L Foods | Food processor | Aiken | New Facility | 1993 |

1. SVA Net Investment

Approximately \$1.5 million of the \$4.5 million appropriated in the 1992 bond bill has been spent on the A&L Foods project. In addition, the agency spent \$150,000 in general agency funds on three additional projects:

- Architectural and financial analyses for the proposed research/engineering building near the Savannah River Site. This involved a preliminary evaluation and the building was never constructed.
- Work related to attracting a manufacturing company (not associated with the engineering company mentioned above). This project is still in progress.
- Work related to establishing an industrial park between Aiken and Edgefield counties.

The \$150,000 was spent from SVA's appropriated funds and not from the monies provided in the bond bill.

| | |
|--|---------------------------|
| <u>Sources of Funds</u> | |
| Bond bill appropriation | \$4,500,000 |
| SVA agency funds invested | 150,000 |
| Allocation of SVA agency overhead | <u>88,000</u> |
| <u>Total Aiken Development Fund</u> | <u>\$4,738,000</u> |

2. **Benefits**

As the following table indicates, A&L Foods is expected to create 120 direct jobs. An additional 60 indirect jobs are expected in the community as these new employees purchase goods and services in the local community.

Annual direct payrolls are estimated at \$3.0 million. In addition, SVA and A&L Foods will combine to spend approximately \$1.8 million on plant and equipment expenditures.

SVA is currently negotiating with Aiken County to pay a fee-in-lieu of taxes on the building which was purchased for the A&L project. This fee should approximate the real property taxes which would have been paid on the property.

Table 28
DIRECT AND INDIRECT JOBS AND ANNUAL PAYROLLS
GENERATED FROM "AIKEN PROJECT" INCENTIVES,
1990-92

| Name of Company | Number Of Direct Jobs | Direct Payrolls ⁴⁹ | Number Of Direct And Indirect Jobs | Direct And Indirect Income |
|-----------------|--------------------------|----------------------------------|---------------------------------------|-------------------------------|
| A&L Foods | 120 | \$3,000,000 | 180 | \$4,741,500 |

⁴⁹. Wages estimated from South Carolina average wages in Employment and Wages Annual Averages, 1991, U.S. Department of Labor.

C. Clemson Center for Applied Technology

The Savannah Valley Authority has provided funding for the Center for Applied Technology (CAT). The CAT, housed in a 30,000-square-foot facility located four miles from Clemson University, is an incubator and technology assistance center.

The CAT was established in 1991 to stimulate the creation and early development of technology-based companies with high-growth potential. Seven new companies are operating in the CAT facility (a 90% occupancy rate) and the CAT staff has secured funding for three of the companies operating in the center. The CAT staff also provides technology, line-of-business and market research services.

Clemson University and Enterprise Development, Inc. (EDI) founded the center, and EDI operates the center. EDI is a non-profit organization which was established in 1989 to design and develop resources which promote economic development in the state.

1. SVA Net Investment

In 1991, the Savannah Valley Authority provided \$300,000 to the Clemson University Research Foundation for the CAT project. CAT's total budget during the next five years is \$3.9 million.

Table 29

DESCRIPTION OF COMPANIES IN THE CAT CENTER

| Company Name | Company Description |
|---------------------------------|--|
| Comsoft | Software management research |
| Environmental Labs and Services | Environmental testing and services |
| Molecular RX | Drug-related biotechnology |
| Palmetto Research | Chemical systems engineering and sales |
| SBP Technologies | Bioremediation services |
| Scientific Research Corp. | Sensors and instrumentation technology for pollution control |
| Thermionics | Thermal ceramic compounds |

SOURCE: The Center for Applied Technology.

Sources of Funds

| | |
|---|-----------|
| Direct Project Financial Support Provided by SVA to the CAT (to date) | \$300,000 |
| Allocation of SVA agency overhead | - 0 - |

| | |
|---|-------------------------|
| <u>Total Center for Applied Technology Grant</u> | <u>\$300,000</u> |
|---|-------------------------|

2. Benefits

As the following table indicates, the CAT center created 116 direct jobs. An additional 58 indirect jobs are expected in the community as these new employees purchase goods and services in the local community.

Annual 1992 direct payrolls were \$4.3 million. In addition, CAT and its tenants have combined to spend approximately \$2.2 million on plant and equipment expenditures since the facility was founded in 1991.

Table 30
DIRECT AND INDIRECT JOBS AND ANNUAL PAYROLLS
GENERATED FROM CAT PROGRAM,
1992

| Name of Company | Number Of Direct Jobs | Direct Payrolls ⁴⁹ | Number Of Direct And Indirect Jobs | Direct And Indirect Income |
|-----------------|--------------------------|----------------------------------|---------------------------------------|-------------------------------|
| CAT Center | 3 | -- | --- | -- |
| CAT tenants | 113 | -- | --- | -- |
| TOTAL | 116 | \$4,337,900 | 174 | \$6,073,060 |

*SOURCE: Data on direct jobs and payrolls provided
by the Center for Applied Technology.*

⁴⁹. Wages estimated from South Carolina average wages in Employment and Wages Annual Averages, 1991, U.S. Department of Labor.

D. Lowcountry Regional Industrial Park Project

From 1990-1992, the State Legislature provided the Savannah Valley Authority with \$2.7 million which was earmarked for the Lowcountry Regional Industrial Park (LRIP) in Hampton County. SVA did not have discretion in the use or management control of these funds.

The LRIP is the first application of the state's innovative multi-county park statute. The multi-county park statutes allow counties to cooperatively develop an industrial or commercial park and share in the revenues.

Counties participating in the LRIP multi-county project include Allendale, Beaufort, Colleton, Hampton and Jasper.⁵⁰

1. SVA Net Investment

From 1990-1992, the State Legislature provided the Savannah Valley Authority with \$2.7 million which was earmarked for the Lowcountry Regional Industrial Park (LRIP) in Hampton County. SVA did not have discretion in the use or management control of these funds.

| <u>Sources of Funds</u> | |
|---|---------------------------|
| Initial legislative appropriation | \$50,000 |
| Capital Improvement Bonds appropriated directly for project | 1,325,000 |
| Fiscal year 1990 supplemental appropriation directly for project | 1,325,000 |
| Allocation of SVA agency overhead | <u>- 0 -</u> |
| <u>Total SVA Funds for LCRIP</u> | <u>\$2,700,000</u> |

2. Development at the Lowcountry Regional Industrial Park

The first phase of LRIP development was completed early in 1992. In July, 1992, the first tenant announced that it would locate in a speculative building which is being built in the park. Chemron, Inc., of Chicago, IL will produce fire and hazardous-materials protection suits made from advanced materials. The company is expected to invest \$1 million for equipment and building improvements.

⁵⁰. Hampton and Jasper are located in the SVA service area, but the other counties are not.

E. Other Community Support Projects

The Savannah Valley Authority has engaged in a range of community development projects including:⁵¹

- McCormick County economic development functions,
- McCormick County growth strategy planning,
- Tourism promotion and cultural activities, and
- Market studies and special projects.

McCormick County Industrial Development -- From 1988 to mid 1992, the Savannah Valley Authority informally functioned as McCormick County industrial development representative. The Authority did not provide direct funding for this function, but did provide staffing on a limited basis.

McCormick is one of only two counties in the state which does not have an economic development representative. In most counties, the chamber of commerce, economic development authority or county has hired at least one full-time economic development staff person.

The Authority assisted in the location of Medipak, which announced that it was locating a machinery manufacturing facility in Modock in early 1992. The \$0.6 million investment produced 33 jobs. The Authority also worked with four other prospective companies interested in manufacturing facilities and several companies interested in retail space.

SVA also provided financial and technical support for McCormick's Main Street Program.

The Authority discontinued staffing the McCormick County's economic development functions when SVA became an enterprise agency at the beginning of the 1992-93 fiscal year.

McCormick County Growth Strategy Plan -- SVA raised \$40,000 from private sources to fund a McCormick County growth strategy planning process. Four critical issues are being examined: infrastructure planning, economic development, land use and cultural affairs. The program features extensive community involvement.

⁵¹. The listed projects are examples of SVA's participation in community support programs which have an impact on the region's economic development. This summary is not intended to be a comprehensive listing of SVA's involvement in community support programs.

The McCormick County Growth Strategy program is sponsored by:

McCormick County
Town of McCormick
McCormick Chamber of Commerce
McCormick Commissioners of Public Works
McCormick School District

McCormick Historical Commission
McCormick Arts Council
Palmetto Leadership
Upper Savannah Council of Government
Savannah Valley Authority

Tourism Promotion and Cultural Development -- The Savannah Valley Authority has also worked on a range of tourism promotion and cultural development projects. For example, the agency developed a quarterly calendar and report of events and activities in Abbeville, Anderson, Greenwood and McCormick counties. The agency also has placed advertisements, on a limited scale, promoting the region as a tourist destination.

However, the Authority has discontinued staffing or funding this function since it became an enterprise agency at the beginning of the 1992-93 fiscal year.

Market studies and special projects -- SVA provided funding and coordination of a forest products manufacturing study prepared by forestry and marketing professors from Clemson University. Also, the agency participated in a second study with the Clemson Extension Service on the "short wood" industry. SVA's financial contribution to the forest products marketing study was paid through a \$20,000 federal grant.

1. SVA Net Investment

Community support expenditures accounted for approximately \$393,000 between fiscal year 1976-77 and the third quarter of fiscal year 1992-93. This includes all spending not listed in previous land development, infrastructure, loan or grant programs. Some spending for infrastructure planning, either related to the land developments or linked to general regional planning, may be included in the community support totals.

To ensure that all SVA's costs are covered, the capital costs for building the SVA's administrative headquarters are also listed on the following page.

Note that the capital costs for SVA's headquarters are not included in the \$393,000 total. Also, the following cost estimates do include projects which are not covered in the general discussion of community support programs. However, the summary of community support programs should cover all of the most significant economic development-related projects.

| | |
|--|--------------------------------|
| <i><u>Estimated total SVA spending for community support projects</u></i> | <i><u>\$393,000</u></i> |
|--|--------------------------------|

***Capital costs of
SVA's administrative headquarters***

\$149,000

2. **Benefits**

The community support projects were an effort to enhance the region's quality of life. Quality of life is considered an important factor in attracting residents, especially retirees, to Savannah Lakes Village and a future development on Lake Russell.

The strategic planning program for McCormick County, which is in progress, could play an important role in the community's development. The planning process should also help to resolve important community infrastructure issues.

APPENDIX I

ACKNOWLEDGEMENTS AND TECHNICAL NOTES

The descriptions of SVA's programs and cost/benefit information in this report were primarily compiled with assistance from the management of the Savannah Valley Authority and Cooper Communities, Inc.¹ Information was also provided by the Comptroller General's Local Government Division, the South Carolina Tax Commission, the State Auditor's Office, the McCormick County Tax Assessor, the McCormick County Auditor's Office, the South Carolina Department of Health and Environmental Control, and the Clemson University Department of Agricultural and Applied Economics. The assistance and cooperation provided by each of these organizations is appreciated.

All agency expenditure information was compiled from records provided by or discussions with the Savannah Valley Authority's management.² Because it was not within the authorized scope of this project to perform financial audits, the State Development Board expresses no opinion on the accuracy of expenditure data. However, all financial summaries were reviewed with the Savannah Valley Authority's management for accuracy and classification.³

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1. Cooper Communities, Inc., is the sole developer and primary marketing agent for the Savannah Lakes Village project. The private development company, which specializes in residential/recreational communities, is headquartered in Bentonville, AK.
 2. The cost/expenditure information presented in this study is listed as "net SVA investment." This represents SVA expenditures from State General Funds and State General Revenue Bonds minus incoming payments to the State General Fund, where applicable. In addition, the cost/expenditure data only include expenditures involving State General Funds and State General Revenue Bonds. Substantial additional funds from federal grants, federal and State loan funds, and local funds have been expended on SVA-related projects. No attempt was made to capture all of these expenditures.
 3. The cost/expenditure information presented in this study was categorized to correspond with the agency's functional program classifications. The expenditure data were aggregated within program categories solely to evaluate the cost/benefit of individual agency programs. The classification of these expenditures does not necessarily correspond to generally accepted accounting principles. Furthermore, at the State Development Board's request, SVA's management allocated total (cumulative) overhead costs to individual programs. These allocations were reviewed to ensure that they were reasonable. In addition, all expenditure data in this report are rounded to the nearest \$1,000 for simplicity of presentation.

APPENDIX II

SAVANNAH VALLEY AUTHORITY'S MISSION

The Savannah Valley Authority's mission has evolved significantly since the agency was established by the Legislature in 1946 and reauthorized in 1971. For most of its history, the agency has focused predominantly on the development of lands adjacent to the federally constructed and operated reservoirs along the Savannah River. The agency's responsibilities initially focused on development projects on the properties located alongside the Lake J. Strom Thurmond reservoir. The agency's responsibilities expanded in the late 1970s to include the development of properties adjacent to the Lake Richard B. Russell reservoir.

Since 1988, however, both the scope of the agency's responsibilities and the geographic area served by the agency have expanded. The following table summarizes the three phases of the agency's development.

Table 1
THE THREE PHASES
OF THE SAVANNAH VALLEY AUTHORITY'S DEVELOPMENT

| | 1946-1977 | 1978-1987 | 1988-1993 |
|-----------------|--|---|---|
| Primary Mission | Promote the private development of federally owned lands surrounding the reservoir construction project in McCormick County. Also, promote tourism. (The agency was defunct from late 1940s until 1971, but has operated continuously from 1971-present.) | Promote the private development of lands -- both public and private -- in the area surrounding the two reservoirs located in the three counties listed below. Also, promote tourism and infrastructure development. | Land development and infrastructure development projects remain the agency's core activities. However, the agency also becomes heavily involved in financing regional development projects which are not directly associated with the Savannah River. |
| Counties Served | McCormick | McCormick, Abbeville, Anderson (Anderson added in 1985) | 13 counties in the Savannah River Basin |

The table on the following page chronologically lists the most important events in the SVA's history. The table includes a brief legislative history as well as a summary of important events in the agency's development.

Table 2

CHRONOLOGICAL LISTING OF IMPORTANT EVENTS IN THE SAVANNAH VALLEY AUTHORITY'S HISTORY

Legislative History

- 1946 - Clark Hill Authority established to "make inquiry into the status" of the federal project to build Clark's Hill reservoir.
- 1971 - Agency can receive and hold title to federal lands from the Clark's Hill project.
- 1971 - Agency's board consists of five members, including two from McCormick County.
- 1973 - Land acquired from Clark's Hill project can be developed for recreational, residential and industrial purposes.
- 1977 - Agency may sell or lease property acquired from the Clark's Hill project.
- 1978 - Agency's authority is expanded to include federal lands from the Lake Russell projects. Agency's board is expanded to seven members, including two each from McCormick and Abbeville counties.
- 1979 - Name changed to The Clarks Hill-Russell Authority.
- 1983 - Agency may issue revenue bonds.
- 1984 - Agency may carry forward proceeds from the use of real or personal property.
- 1985 - Agency's board expanded to eight members. The added board seat goes to Anderson County. Agency's powers, especially authority to enter into financial agreements, are further defined and expanded.
- 1985 - Agency can work on any project "in the furtherance of development or of any matter connected with the development or related to the development."
- 1988 - Name changed to the Savannah Valley Authority.
- 1988 - Agency's authority applies to all 13 counties within the Savannah River Basin.
- 1989 - Authority granted for eminent domain.
- 1992 - SVA classified as an "enterprise agency." Board expanded to 13 members, one from each of the Savannah River Basin counties.

Related Developments

- 1946-47 - Agency's board works to ensure that recreational-oriented properties will be developed adjacent to the Clark's Hill reservoir.
- 1947-54 - U.S. Army Corps of Engineers builds Clark's Hill reservoir.
- 1974-85 - U.S. Army Corps of Engineers builds the Lake Russell reservoir.
- 1971 - Agency revitalized to persuade federal government to release lands for development purposes. The agency's 1972 annual report indicates that the agency's mission is: "maximizing the development of the S.C. Clark Hill Area."
- 1976 - Signs lease with the U.S. Army Corps of Engineers to provide the State access to 800 acres along the Clark's Hill reservoir.
- 1976 - For the first time, agency annual report indicates that the agency "considers itself responsible for advice and assistance to local governments and communities in economic development of the Clark Hill area."
- 1984-86 - Achieves the release and purchase of 3,159 acres of property adjacent to Clark's Hill reservoir.
- 1987 - Assumes planning responsibilities for the regional water and sewer authority.
- 1987 - Name of Clark's Hill reservoir changed to Lake Thurmond.
- 1987-88 - Signs an agreement with Cooper Communities, Inc., to serve as the developer of the property along the Lake Thurmond reservoir. State sells property to Cooper Communities, and Cooper purchases adjacent private lands. Cooper develops a Savannah Lakes Village Master Plan.
- 1990-91 - SVA acquires property adjacent to Lake Russell from private land holders.
- 1990 - The Savannah Lakes Regional Loan Fund established.
- 1991 - Pickney site analysis for Lake Russell Project completed.
- 1992 - Aiken County Development Project established.
- 1993 - The Fontaine Co. report with recommendations for Lake Russell Project completed.

From 1946 until 1988, the agency's primary mission was clearly linked to the development of lands adjacent to the two reservoirs which were constructed by the U.S. Army Corps of Engineers.

The Savannah Valley Authority was originally named the Clark Hill Authority and the first U.S. Army Corps of Engineers reservoir construction project along the Savannah River was named the Clark's Hill project. The following statement remained in the agency's enabling statutes from 1946 through 1984:

"The Authority is authorized and empowered . . . to encourage, assist, promote and co-operate in the development of the said Clark's Hill project and of the Savannah River and any or all streams, canals or watercourses now or hereafter connected to or flowing into said river . . ."

*From Clark Hill Authority's
original enabling statute in 1946*

The impediments to development in McCormick County were clear in 1971 when the State Legislature reauthorized the agency. The federal government had acquired substantially more lands than needed to construct the Clark's Hill reservoir. The U.S. Army Corps of Engineers controlled 19% of the land in McCormick County.¹ And, even though the reservoir construction was completed in 1952, private developers were experiencing difficulties in purchasing or leasing the property from the federal government.

Therefore, in 1971, the mission was straight forward:

The agency's "current mission is to promote development of selective areas of the Clark Hill Project along the South Carolina side of the project."

*From the Clark Hill Authority's
1972 Annual Report to the Governor and General Assembly*

In 1978, six years before the Lake Russell reservoir was completed, the Legislature specifically expanded the agency's authority to include the lands surrounding the new reservoir. The legislature further strengthened the linkage to the Lake Russell project by designating that two of the agency's seven board members must be residents of Abbeville County, the new reservoir's locale.

¹. Overall, the federal government, including the U.S. Corps of Engineers and the U.S. Forest Service, owned 96,290 acres in McCormick County or 43% of available land.

Until 1985, only two counties were required to have representation on the board. McCormick County, home of the Clark's Hill project, was originally granted two mandated board seats in a 1971 statute.

But the agency's mission began to expand in 1985, when the Legislature rewrote the agency's enabling statutes. The agency was provided very broad authority in Section 13-9-30 in the State's code of laws. This section states that the SVA can work with any state or federal group . . .

"in the furtherance of development or of any matter connected with the development or related to the development."

Furthermore, Section 13-9-160, which was also added in 1985, specifies that:

"Prior to undertaking any project . . . , the board of the authority shall make the determination . . . that the project is anticipated to benefit the general public welfare of the locality by providing services, employment, recreation, or other public benefits not otherwise provided locally".

The agency's mission was expanded again in 1988 when the Legislature explicitly defined the agency's service area. Prior to 1988, the agency was responsible for development along the Savannah River. In 1988, Section 13-9-35 was added to the code. The section defined the SVA's service area to include all portions of any of the 13 counties which border on the Savannah River.

With the enlarged service area, sections 13-9-160 and 13-9-35 significantly expanded SVA's responsibilities beyond projects that were specifically associated with development along the Savannah River.